

City of Wichita, Kansas

Incorporated 1870
City of 1st Class 1886
Council-Manager Form of
Government Adopted 1917

Comprehensive Annual Financial Report

For the Year Ended December 31, 2003



CITY COUNCIL

Carlos Mayans, Mayor
Carl Brewer, Vice Mayor (I)
Sue Schlapp, Council Member (II)
Phil Lambke, Council Member (III)
Paul Gray, Council Member (IV)
Bob Martz, Council Member (V)
Sharon Fearey, Council Member (VI)

Acting City Manager

Cathy Holdeman

Department of Finance

Kelly Carpenter, Acting Director of Finance
Tom Smith, Acting Assistant Director of Finance

Prepared by Controller's Office
Department of Finance

CITY OF WICHITA, KANSAS

Comprehensive Annual Financial Report Year ended December 31, 2003

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— INTRODUCTORY SECTION —



Department of Finance
Controller's Office
City Hall – Twelfth Floor
455 North Main
Wichita, Kansas 67202

April 23, 2003

The Honorable Mayor, City Council and City Manager
City of Wichita, Kansas

Dear Mayor, Council and Manager:

The Comprehensive Annual Financial Report of the City of Wichita for the year ended December 31, 2003, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Kansas Statutes require an annual audit of all funds of the City by independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2003 are free of material misstatement. The firm of Allen, Gibbs & Houlik L.C. has included their opinions in the report. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the statements are presented in conformity with Generally Accepted Accounting Principals (GAAP).

In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of OMB Circular A-133. The auditors' reports related specifically to the single audit are included in the Single Audit Section. Information related to this single audit, including the schedule of expenditures from

federal awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report. The audit for the year ended December 31, 2003, disclosed no reportable conditions, material weaknesses or material violations of laws and regulations.

Generally accepted accounting principals (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

The City of Wichita is the largest city in Kansas, population 346,505, and is the county seat of Sedgwick County. The City is located in south central Kansas, 161 miles southeast of the nation's geographic center and 124 miles from the North American geodetic center. The City's incorporated area is 152 square miles.

In 1917, the City became one of the first municipalities in the United States to adopt the Commission-Manager (also known as the Council-Manager) form of government. In 1987, the form of government was modified to a Council-Manager form with City Council members nominated by district and elected at large. One member of the Council was appointed annually to serve as Mayor. In 1989, the form of government was again modified to a Mayor-Council-Manager form with a Mayor elected at large and other City Council members elected by district. The City Council was expanded from five to seven members, including the Mayor. The City Manager is appointed by the City Council and is responsible to them for the management of all City employees and administration of all City affairs.

The City of Wichita and its component units provide a full range of municipal services, including police and fire protection, parks and recreation programs, libraries, art museum, public housing, public health and social services, infrastructure improvements, bus transportation, airports, water and sewer utilities, planning and zoning, cemetery maintenance, internal support services, and general administration.

The budget process is a marketplace where past practices, present needs and future strategic objectives from all departments are brought together. The City of Wichita actually produces three operating budgets: 1) revising of the current year budget; 2) proposing and adopting a budget for the next year, which will become the Adopted Budget upon Council approval; and 3) projecting a budget for the year following, which becomes the basis for the proposed budget next year. Each year the departments are required to submit requests for appropriation by April to the Budget Office in the Department of Finance.

The Finance staff reviews the requests and prepares a budget analysis and recommendations to the City Manager. Department directors present their requests directly to the City Manager and respond to recommendations of the Finance Department. The City Manager reviews the budget requests and recommendations to develop a proposed budget, presenting a recommended budget to the City Council for review in July. In past years including fiscal year 2003, the department requests and recommendations of the Finance staff were presented to a budget review committee consisting of senior staff selected by the City Manager. The budget review committee made recommendations to the City Manager prior to developing the proposed budget and making recommendations to the City Council.

Beginning in 2004 and the development of the 2005 budget, department directors are presenting an overview to the City Council so the City Council may be better informed in its direction to the City Manager and Finance staff concerning priorities and desired objectives of the budget. The City Manager reviews the budget requests and recommendations to develop a proposed budget, presenting a recommended budget to the City Council for review in July. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than August 25.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated

amount) is established at an individual fund level, but is monitored by function and activity within an individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriations lapse at year-end, however, lawful encumbrances are reappropriated as part of the following year's budget. As demonstrated by statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on page A-23 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-16. For governmental funds, other than the general fund with appropriated annual budgets, the comparison is presented in the governmental fund subsection of this report which starts on B-1.

ECONOMIC ANALYSIS AND FORECAST¹

Wichita did not enter the latest recession as soon as the national economy, and it will not see recovery as fast as the national economy either. The unemployment rate rose in 2003 to 7.1 percent, above 6.3 percent in 2002. The Wichita State University Center for Economic Development and Business Research (CEDBR) projects additional job losses in 2004 and sustainable economic recovery in the Wichita area beginning in late 2004 or early 2005. The recovery is likely to be long and slow. Locally, signs of recovery are visible in robust levels of housing sales, rising consumer expectations and new employers entering the market.

The Grubb & Ellis/WSU Index of Consumer Expectations has improved significantly since bottoming out in February 2003. Consumers are generally positive about their own personal finances, but continue to worry about overall economic conditions. The major concerns are expectations of rising prices, rising interest rates and continued employment. Consumer expectations are not projected to demonstrate a sustained positive trend until the Wichita economy begins creating jobs in significant numbers.

Though the economy appears to be gaining momentum, that is not translating into hiring. Across industries, the double impact of moving production overseas and sustained productivity increases has held down hiring. Despite signs of economic recovery, job losses in Wichita persist.

The continued weakness in the labor market is the major drag on Wichita's economic growth. It has been 20 years since Wichita has experienced two consecutive years of net job losses. During 1982 and 1983 Wichita lost nearly 17,000 jobs. Job losses in the 24 months ending December 31, 2003 total 15,400. The additional job losses expected in 2004 make this Wichita's longest labor market downturn in 30 years.

Manufacturing

Manufacturing accounted for 20.7 percent of all jobs in the Wichita MSA in 2003, compared with 23.9 percent of all jobs in 2002. Payroll earnings for the industry totaled \$3.153 billion in 2003 with an average earnings per job of \$49,228. The sharp decrease in orders for new airplanes, as a result of both a slowing economy and 9/11, lead to layoffs and furloughs in the manufacturing sector dominated by aircraft production. Production levels of both commercial aircraft and general aviation products in Wichita continued to decline in 2003. Boeing reported aircraft deliveries declined 26 percent in 2003 compared to 2002 and Wichita's three general aviation manufacturers, Cessna Aircraft Company, Bombardier Learjet Inc. and Raytheon Aircraft Company combined, reported a decrease of 10.6 percent in deliveries over 2002.

Despite the current difficulties, there are positive signs for the aircraft industry. All of Wichita's aircraft manufacturers continue to aggressively pursue development of new airplane products and related service. Boeing's most recent forecast calls for continued growth in airline travel over the next 20 years, in spite of the "extreme cycle" triggered by 9/11. The Kansas Legislature approved a bill that will allow the state to provide

¹ The economic analysis has been provided by the Center for Economic Development and Business Research, Wichita State University.

Boeing Wichita up to \$500 million in bonds for its bid to work on the company's newest jetliner, the 7E7. The 7E7 work could create 4,000 jobs at the company's Wichita plant.

Thayer Aerospace was awarded a multi-year contract by Gulfstream with a potential value of more than \$250 million. Product Manufacturing Corp., an aerospace subcontractor, is planning to double its building size and add about 20 employees to its staff during the next several years.

Manufacturing job losses outside aviation were also occurring in 2003. Tweco Products Inc. was bought by Thermodyne Holding Corp., which plans to close the Wichita facility, affecting more than 160 employees in Wichita. However, like in the aviation sector, there is good news as well. Premier Blending, a formulator and manufacturer of dry blended foods, will expand its Wichita plant having acquired the mixing business of Cereal Food Processors in another location.

Though it appears the worst of the layoffs are over, additional job losses are expected in 2004 among the aircraft manufacturers and their suppliers. Total employment in the manufacturing sector is expected to decrease by 3.4 percent for a net loss of 2,000 in 2004.

Retail Trade

Taxable retail sales totaled \$6.658 billion in the Wichita metropolitan statistical area (MSA) in 2003. Retail sales decreased by about \$80.8 million or 1.2 percent in 2003 compared to 2002. The State increased its sales tax rate from 4.9 percent to 5.3 percent effective July 1, 2002 netting an overall increase in 2003 in state tax collections. Locally however, the sales tax rate did not increase and the reduction in sales translated into a reduction in local revenue.

Notwithstanding the tough sales environment, national and local retailers continue to enter and expand in the Wichita market including Colorado-based Ultimate Electronics, Window World Inc., and GameStop. Walgreen Drug Store is constructing its 15th Wichita location. Shakeouts among retailers of all sizes continue in 2004, with larger retailers possibly more able to sustain continued lack of growth in revenues than smaller retailers.

The decline in total sales mask some underlying trends in the retail market; specifically auto sales in 2003 were up \$36.5 million or 4.2 percent compared to 2002. Non-auto sales declined 2 percent or \$117.3 million in 2003 for an overall decline in retail sales of 1.2 percent.

The outlook for retail sales in 2004 is for flat to modest growth at best. Consumer confidence is rising and interest rates and prices remain low. Consumer disposable income has improved with federal tax cuts and cash-outs from mortgage refinancing. Wichita's weak labor market continues to dampen local consumer spending.

Construction and Housing

The construction industry accounts for 5.4 percent of all wage and salary employment in the Wichita MSA in 2003 compared to 5.6 percent in 2002. Employment in the industry peaked at 14,800 employees in the Wichita MSA in 2003. Total payroll for the industry was \$463.4 million with an average earnings per job of \$32,344.

Despite some job losses, the construction industry is one of the few economic engines that demonstrated signs of growth over the past year. Buoyed by historically low interest rates, the values of inflation-adjusted new residential construction permits increased 4.6 percent in 2003 and the value of inflation-adjusted new non-residential construction permits increased 2.8 percent. Public construction has provided significant support in recent years. The value of permits for additions, remodels and repairs increased 42.6 percent in 2003, largely as a result of the school district's five-year, \$284.5 million bond building program which began in 2001.

The rate of new construction activity is slowing. Additionally, with the five-year school construction period nearly over, and no other large public construction projects in the immediate future, the construction industry may face challenges in the near term. The CEDBR is forecasting construction employment to decline by 2.1 percent in 2004 for a net job loss of 300 jobs.

New and existing home sales continued at a brisk pace in 2003, up 5 percent from 2002. Housing's boom has been unexpected but welcome, given the weakness in other sectors of the economy. However, even with low mortgage rates, refinancing activity has slowed as interest rates have inched up from record-setting lows. The impact of the spent-up demand has started to take hold.

Leisure, Hospitality and Tourism

Most people do not think of Wichita as a major tourist destination. Yet, an estimated 3.4 million visitors came to the area in 2003 spending \$355.7 million. Most of Wichita's visitors are regional tourists traveling less than 200 miles. However, Wichita does host national events bringing visitors from across the nation. The 2004 Women's International Bowling Congress has more than 42,000 registered bowlers and the 2001 American Bowling Congress men's tournament is expected to attract 150,000 visitors.

The Wichita area is continuously improving its cultural and recreational attractions. The Wichita Art Museum reopened in June 2003, after a two-year \$10.5 million expansion and renovation. The Sedgwick County Zoo is expanding its exhibits and the Greater Wichita YMCA is building its 7th branch. Special ethnic, sports and holiday events take place year-round, culminating in the area-wide nine-day River Festival in May. In the fall 2003, the city hosted the second annual two-day Aviation Festival.

The restaurant sector, like the retail sector, had both success and losses in 2003 and early 2004. Spaghetti Works closed in January 2004 and its four-story building in downtown Wichita is for sale. Amarillo Mesquite Grill Inc. closed its west Wichita location while Starbucks Coffee Co. expanded, opening its fourth location in January 2004 and the fifth scheduled to open soon. Toronto-based Mega Wraps has opened two restaurants in the Wichita area, and Chipolte Mexican Grill opened its second location in early 2004. The Fox and Hound Smokehouse & Tavern, owned by Wichita-based Total Entertainment Restaurant Corp, opened in March of 2004. The Wichita-based Lone Star Steakhouse & Saloon Inc. announced plans to purchase the Texas Land & Cattle Steak House chain.

Following the national slowdown in travel, the hotel occupancy rate in Wichita rebounded in 2003 to 63.8 percent, an increase of 3.9 percent compared to 2002.

Professional and Services

One significant source of employment growth for the professional and business services sector during the 1990s was the outsourcing of non-production jobs by the aircraft manufacturing sector, achieving employment growth even during the 1991 recession. A steady growth was not repeated during the current economic downturn. The professional and business services sector has been flat or declining in employment, with only limited outsourcing of jobs coming from the manufacturing sector to offset the impact of an overall stagnant economy. Without outsourcing to provide a steady influx of jobs, much of the professional and business services sector is now dependant on the health of the overall economy for its growth.

In 2004, professional and business services are forecasted to increase by 150 jobs or 0.6 percent as the local economy starts to experience some economic improvement.

Transportation

Wichita Mid-Continent Airport, the largest airport in Kansas, is a combination commercial air carrier and general aviation complex, providing accomodations for all aircraft. The number of airline passengers through Wichita's airport during 2003 totaled 1.4 million (inbound and outbound), up 6.9 percent from 2002. Low-cost carriers AirTran eastbound, Frontier JetExpress westbound, and Allegiant Air to Las Vegas have boosted Mid-Continent traffic. Frontier JetExpress recently exited the market and a westbound low-cost replacement is being sought.

Utilities

In July, the Kansas Corporation Commission approved a restructuring plan for Westar Energy Inc., the state's largest electric utility serving about 640,000 customers. Terms of the restructuring included reducing the company's debt and returning the company to a pure electric utility. The company completed a divestiture of its

Protection One Europe security operations and reduced its share in Oneok Inc., a natural gas utility.

In August 2003, the Kansas Corporation Commission approved a rate increase for Oneok Inc.'s Overland Park-based Kansas Gas Service Co. that provides natural gas service to Wichita and Sedgwick County. As part of the agreement, the Kansas Gas Service Co agreed not to seek another rate increase before May 2006.

With business and revenues growing, the transportation, warehousing and utilities sectors combined are expected to add 150 jobs or increase by two percent in 2004.

Education and Welfare

Wichita is home to a number of new specialty for-profit hospitals, which either opened or started construction in the past year.

- The Kansas Spine Hospital opened in December 2003.
- Medical Development Solutions has signed a real estate purchase agreement for land to build an ambulatory surgical center in the Wilson Estates Medical Park.
- Mid-America Sports Medicine and Orthopedic Clinic has announced that it will build an office at Wilson Estates Medical Park.

Changes are also underway at the area's full-service hospitals.

- Via Christi Regional Medical Center announced plans to close its Riverside campus' 22-bed skilled nursing unit. The closure of the nursing unit will mean the elimination of 12 jobs.
- Via Christi Regional Medical Center-St., Joseph closed its 20-bed skilled nursing unit in June 2003.
- Construction of a \$70 million critical care tower at Wesley Medical Center was months ahead of schedule and opened in January 2004.

With continued growth in demand and despite struggles to make a profit, employment is expected to grow by 500 jobs or 1.3 percent in the health sector during 2004. Employment would likely increase more if skilled labor were available to hire.

CITY BUSINESS AND FINANCIAL PLAN

Business Plan

The City's budget outlines a plan for the provision of programs and services. The downturn in the local economy and losses in State financial aid has reduced general revenues and forced some retrenchment in planned enhancements in some services.

Nevertheless, even in the face of lower revenues, the City has proceeded with priority elements of its business plan, including:

- Two new Police beats with community policing components in each beat are being added to address law enforcement service needs in a geographically larger city.
- Six fire stations were constructed, relocating fire personnel and apparatus within the community to meet changing needs for emergency fire and medical response services with an additional five stations planned in future years.
- Operating budgets were provided for the two new regional branch libraries that consolidate and improve library services in the northern and southern areas of Wichita.
- Construction of a major expansion of the Wichita Art Museum was completed for opening in June 2003.
- Efforts are continuing to expand both the water and sanitary sewer system capacities to meet projected needs over the next fifty years, including expansion of the water supply and completion of treatment facility construction.
- Major freeway construction continues and is underway concurrently on east and west segments of US-54 highway that bisects Wichita, as well as continued planning for elevation of rail trackage that run north-south through the city.

- Efforts are continuing to expand both the water and sanitary sewer system capacities to meet projected needs over the next fifty years, including expansion of the water supply and completion of treatment facility construction.
- Major freeway construction continues and is underway concurrently on east and west segments of US-54 highway that bisects Wichita, as well as continued planning for elevation of rail trackage that run north-south through the city.
- Enhancement of the City's technology services is continuing with extension of a wide-area network connecting all major City facilities and installation of a new computer system serving Police and Court functions was completed.
- Investment in parks, athletic complexes and the arts programs continues to ensure ample leisure opportunities.

Long-Term Financial Planning

The City takes prudent actions to manage its finances long-term. With the knowledge that an economic downturn was likely, the City took action to lower costs beginning in fiscal 2001, so that cash reserves were increased as a cushion against expected losses in 2002 and 2003. This positive change in cash reserve has allowed continuation of essential services with no tax increase during a period of revenue shortfall. As a result, the 2004 budget did not require a mill levy increase, though actual levies fluctuated slightly with changes in assessed valuation.

The City routinely prepares a five-year financial plan as a preliminary to the annual budget process. The City then issues a two-year operating budget to identify trends that may extend beyond the statutorily mandated one-year budget. Additionally, the City prepares a ten-year capital budget and plan to better allow for the extended timeframe required for completion of capital projects, including coordination with grant and other funding requirements.

Of particular note, in 2002 the City undertook to change the structure of debt financing of two components of its capital programs. In light of the long-term capital requirements of the Water and Sewer utilities and a fifty year useful life of infrastructure investments for water supply and sewage treatment, the City undertook some limited twenty-five year debt financing to introduce more intergenerational equity and lower projected rate increases on the near term. This was a modest departure from past practice of twenty-year utility debt financing. The 2003 Water and Sewer Revenue bond issue reflects the longer debt structure. A similar analysis on the financing of freeway construction from a dedicated local sales tax resulted in extending debt term from ten to fifteen years so that more freeway construction could proceed earlier and capturing grant funding support. The 2003 bond issue also reflects the extended debt structure.

Cash Management

Under a comprehensive, written investment policy, the City continues to manage a pooled funds investment program for all cash not otherwise restricted. The banking services agreement for maintenance of the City's checking account is with Commerce Bank. The agreement allows for a perfected automatic repurchase agreement for the City's overnight cash in its checking account, at a rate equal to the preceding day's federal funds rate. The program allows the City to invest its cash in secured investments for larger amounts, for longer terms, with fewer total investment transactions and for generally higher yields on City investments.

The City's pooled investments, with an amortized cost of \$287,413,434 had a market value of \$287,955,618 at December 31, 2003. The weighted average maturity of the portfolio was 200 days. The weighted average yield to maturity of 1.749 percent for the pooled investment portfolio compares favorably with the benchmark 91-day Treasury Bill yield of 0.92 percent.

Risk Management

The City's insurance, self-insurance, and safety programs are funded and administered through the Risk Management office. Funds for these programs are provided through allocations to all covered operations based

upon their exposure and loss experience. The funds are maintained in a risk management reserve fund as authorized in Kansas Statutes. In addition, the City, Airport Authority, Art Museum, and Wichita Public Building Commission maintain insurance policies and bonds as detailed in the Additional Information Section of this report.

Pension Administration

The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WER) with an asset-liability funding ratio of 115.4% and the Wichita Police and Fire Retirement System (P&F) with an asset-liability funding ratio of 106.8% (both as of 12-31-03). A single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3. In 2003, the City contributed 4.7 percent of salaries for employees under the Wichita Employees' Retirement System and 10.9 percent of salaries for employees in the Police and Fire Retirement System. A separate comprehensive annual financial report is issued for the City's pension funds and systems.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its comprehensive annual financial report for the fiscal year ended December 31, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The 2002 award represents the 30th consecutive year that the City of Wichita's comprehensive annual financial report earned the recognition.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The 2003 report also includes a supplementary section for the benefit of Water and Sewer revenue bondholders. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the report of the independent auditors, combined financial statements and related footnote disclosures, combining statements by fund type and individual fund, and additional information pertaining to the reporting entity. The statistical section includes financial and demographic information, generally presented on a multi-year basis. The single audit section includes independent auditor reports on internal control and compliance with requirements of major federal programs.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE PENSION TRUST FUNDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its comprehensive annual financial report for the fiscal year ended December 31, 2002 for the Pension Trust Funds of the City of Wichita. As for the primary government's financial report, in order to be awarded the Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The 2002 award represents the 4th consecutive year that the City of Wichita's comprehensive annual financial report for pension funds earned the recognition.

In order to receive the award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium. The award is the budgetary counterpart to the Certificate of Achievement and is valid for one year only.

CERTIFICATE OF EXCELLENCE FOR INVESTMENT POLICY

The Association of Public Treasurers, United States and Canada, awarded a Certificate of Excellence for the City's Investment Policy in 2002. In order to be awarded a Certificate of Excellence, a government must prepare and publish an investment policy that meets the standards established by the Association.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Controller's Office. We would like to express our appreciation to all members of the office who assisted and contributed to its preparation. The City Manager and elected members of the City governing body continue their interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner.

Respectfully Submitted,



Kelly Carpenter
Acting Director of Finance



Tom Smith
Acting Assistant Director of Finance



Carol McMillan
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wichita,
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

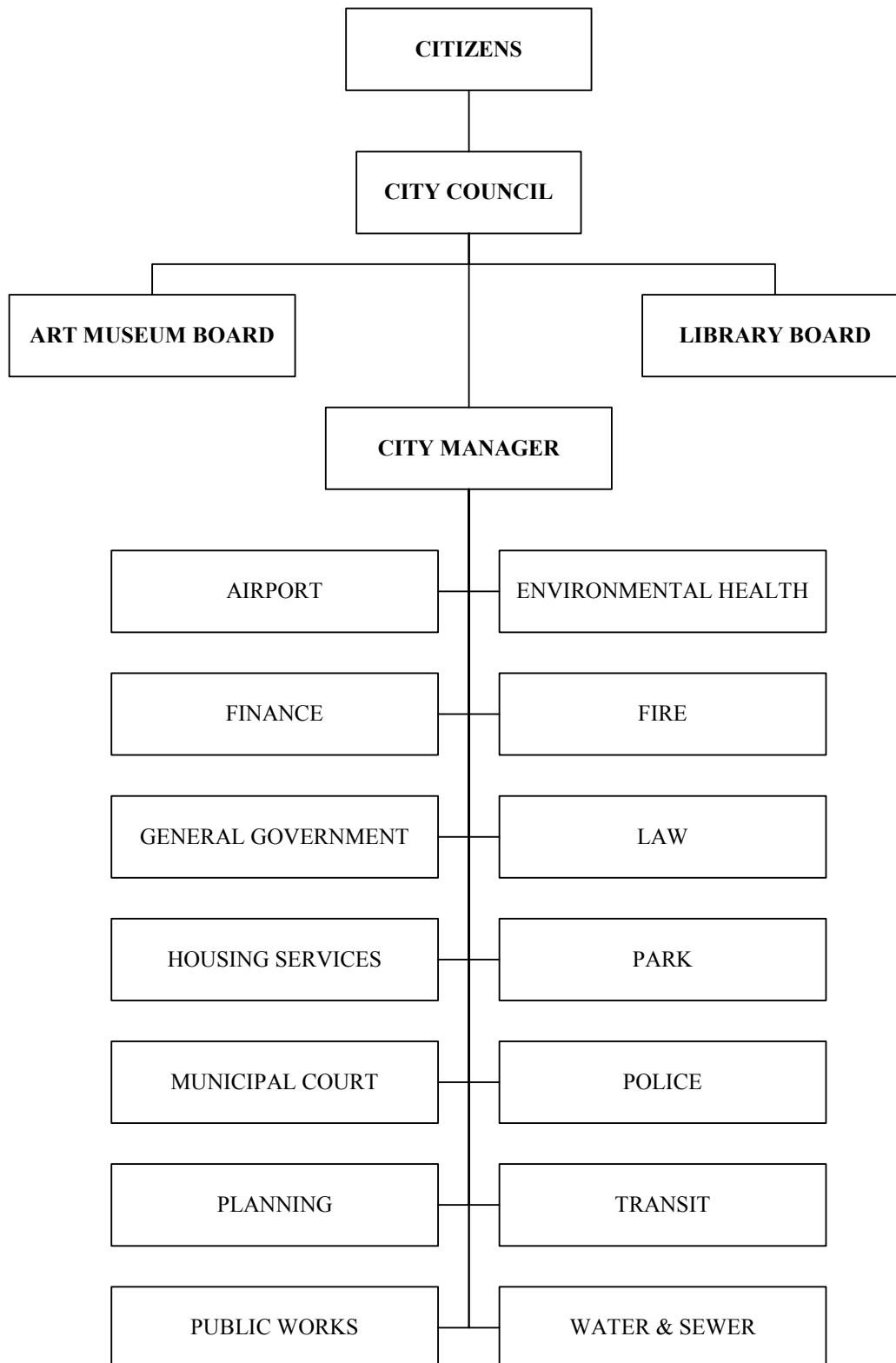


A handwritten signature in black ink, reading "Edward Haney".

President

A handwritten signature in black ink, reading "Jeffrey R. Enos".

Executive Director



CITY COUNCIL MEMBERS

| | | |
|---------------|----------------------|----------|
| Carlos Mayans | Mayor | 268-4331 |
| Carl Brewer | Vice Mayor (I) | 268-4331 |
| Sue Schlapp | Council Member (II) | 268-4331 |
| Phil Lambke | Council Member (III) | 268-4331 |
| Paul Gray | Council Member (IV) | 268-4331 |
| Bob Martz | Council Member (V) | 268-4331 |
| Sharon Fearey | Council Member (VI) | 268-4331 |

CITY OFFICES

| | | |
|--------------------|----------|--|
| City Manager | 268-4351 | Cathy Holdeman, Acting City Manager |
| General Government | 268-4351 | Cathy Holdeman, Acting City Manager |
| Airport | 946-4700 | Bailis Bell, Director of Airports |
| Art Museum | 268-4977 | Charles Steiner, Director of Art Museum |
| Central Inspection | 268-4460 | Kurt Schroeder, Superintendent |
| Finance | 268-4300 | Kelly Carpenter, Acting Director of Finance |
| Fire | 268-4451 | Kay Johnson, Director of Environmental Health |
| Housing Services | 268-4687 | Mary Vaughn, Director of Housing Services |
| Law | 268-4681 | Gary Rebenstorf, Director of Law & City Attorney |
| Library | 261-8500 | Cynthia Berner-Harris, Director of Libraries |
| Municipal Court | 268-4611 | Kay Gales, Court Administrator |
| Park | 268-4361 | Doug Kupper, Director of Parks and Recreation |
| Personnel | 268-4531 | Lori Wilkerson, Acting Personnel Director |
| Planning | 268-4421 | John Schlegel, Director of Planning |
| Police | 268-4158 | Norman Williams, Chief of Police |
| Public Works | 268-4497 | Chris Carrier, Acting Director of Public Works |
| Transit | 265-1450 | Jay Banasiak, General Manager |
| Water and Sewer | 268-4504 | David Warren, Director of Water and Sewer |

—— FINANCIAL SECTION ——

Epic Center • 301 N. Main, Suite 1700
Wichita, Kansas 67202-4868
(316) 267-7231 • FAX (316) 267-0339

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in connection with this report in considering the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, Water and Sewer Section, Schedule of Expenditures of Federal Awards required by OMB *Circular A-133*, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* listed in the table of contents are presented for purposes of additional analysis and are not a

required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, Water and Sewer Section, Schedule of Expenditures of Federal Awards, and Schedule of Passenger Facility Charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

March 26, 2004
Wichita, Kansas

Management's Discussion and Analysis

The following discussion and analysis of the City of Wichita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2003. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

Financial Highlights

- ⇒ The City's net assets increased \$50.5 million during the fiscal year ending 2003. (Page A-13).
- ⇒ The cost of governmental activity was \$302.5 million. The amount paid by taxpayers through property taxes and sales tax was \$115.0 million or 38 percent (Page A-14 through A-15).
- ⇒ The General Fund, on a current financial resource basis, reported \$67,717 in revenue and other financing resources in excess of expenditures and other uses. (Page A-20).
- ⇒ The State of Kansas eliminated demand transfers to cities beginning in late 2002 with 2003 as the first full year impact of the revenue reduction. The City has sized its operations to reflect changes in available resources.
- ⇒ The City continues to maintain a positive bond rating and a progressive capital improvement program.

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and single audit. The City of Wichita's financial statements have four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and, 4) a water and sewer section to provide specific information for water and sewer revenue bond holders. The supplementary information is provided in addition to the basic financial statements.

Traditionally the primary focus of local government financial statements has been summarized by fund type on a current financial resource basis. The current financial resource model has been modified and included in the City's financial statements to present two kinds of statements, each providing a different snapshot of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements, which were first presented in the 2002 Comprehensive Annual Financial Report, provide both long-term and short-term information about the City's overall financial status. The fund financial statements, which have been provided in the past and are included in this report, focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will help answer the question "Is the City as a whole better off or worse off as a result of the year's activities?"

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Net Assets and the Statement of Activities are divided into three types of activities:

- Governmental activities – Most of the City's basic services are reported in governmental activities: police, fire, public works, parks and cultural activities, environmental health and general administration. Fees, property taxes, other local taxes, and state and federal grants finance most of these activities.
- Business-type activities – Business-type activities include the City's water, sewer, airport and transportation activities. A fee is charged to customers to help cover all or most of the cost of services provided by business-type activities.
- Component unit – The Wichita Public Building Commission is presented as a component unit of the City of Wichita.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wichita, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the City of Wichita can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because this information does not encompass the additional long-term focus on the government-wide statements, additional information is provided following the governmental funds statement that explains the relationship (or differences) between them.
- The City of Wichita maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal/State Assistance Fund, Debt Service Fund, and the Street Improvement Fund, all of which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements found beginning on page B-1.
- The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-23 to demonstrate compliance with the appropriated budget. A more detailed budgetary statement is also provided beginning on page B-16 with the supplementary budgetary governmental fund statements.
- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City uses enterprise funds to account for its Water and Sewer, Airport, Golf, Storm Water, and Transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal Service funds account for the City's fleet, technology, office supplies, and self-insurance programs. Because internal services primarily benefit governmental rather than business-type functions, the assets and activities of the internal service funds have predominately been included with governmental activities in the government-wide financial statements.

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Airport funds all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in

the Internal Service Fund section beginning on page D1. The proprietary fund financial statements (enterprise and internal service funds) can be found on pages C-1 through D-13 of this report.

- **Fiduciary funds** – The City is the trustee, or fiduciary, for its employees' pension plans and for other accounts that – because of a trust arrangement – can be used only for the specified purpose. It is the responsibility of the City to ensure that the assets reported in fiduciary funds and accounts be used for the intended purposes only. All of the fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. Activities conducted in a fiduciary capacity are excluded from the City's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations. The fiduciary fund financial statements can be found on pages E-1 through E-4 of this report.
- **Notes to the financial statements** – The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page A-36 through A-74 of this report.
- **Other information** – In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information is located on the following pages of this report: Pension Funding Progress on page A-75, and Budgetary Comparison on pages B-16 through B-42, C-5 through C-7.
- **Water and Sewer Section** – Specific informational needs of the Water and Sewer Revenue Bondholders are presented in the Water and Sewer Section beginning on page J-1.

FINANCIAL ANALYSIS OF CITY AS A WHOLE

Net assets. In accordance with GASB Statement No. 34, the City is presenting comparative government-wide information for the prior period for the primary government and its component unit.

City of Wichita, Kansas
Net Assets
As of December 31, 2003
(with comparative totals for December 31, 2002)
(in millions of dollars)

Table 1

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-----------------------------|--------------------------------|-----------------|---------------------------------|-----------------|---------------------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Current and other assets | \$ 447.8 | \$ 401.7 | \$ 196.7 | \$ 157.7 | \$ 644.5 | \$ 559.4 |
| Capital assets | <u>805.3</u> | <u>723.6</u> | <u>843.6</u> | <u>800.3</u> | <u>1,648.9</u> | <u>1,523.9</u> |
| Total assets | 1,253.1 | 1,125.3 | 1,040.3 | 958.0 | 2,293.4 | 2,083.3 |
| Long-term liabilities | 372.0 | 313.8 | 338.5 | 224.3 | 710.5 | 538.1 |
| Other liabilities | <u>222.2</u> | <u>184.1</u> | <u>25.8</u> | <u>76.7</u> | <u>248.0</u> | <u>260.8</u> |
| Total liabilities | 594.2 | 497.9 | 364.3 | 301.0 | 958.5 | 798.9 |
| Net assets: | | | | | | |
| Capital assets, net of debt | 414.2 | 386.1 | 574.7 | 593.6 | 988.8 | 979.7 |
| Restricted | 229.8 | 201.3 | 75.1 | 30.3 | 304.9 | 231.6 |
| Unrestricted | <u>15.0</u> | <u>40.0</u> | <u>26.2</u> | <u>33.1</u> | <u>41.2</u> | <u>73.1</u> |
| Total net assets | <u>\$ 658.9</u> | <u>\$ 627.4</u> | <u>\$ 676.0</u> | <u>\$ 657.0</u> | <u>\$ 1,334.9</u> | <u>\$ 1,284.4</u> |

The net assets of the primary government increased \$50.5 million during the fiscal year ending 2003, including a prior period adjustment for the Sewer Utility. Over 74 percent of the City's net assets reflect investment in capital assets (e.g. land, buildings, improvements, equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens;

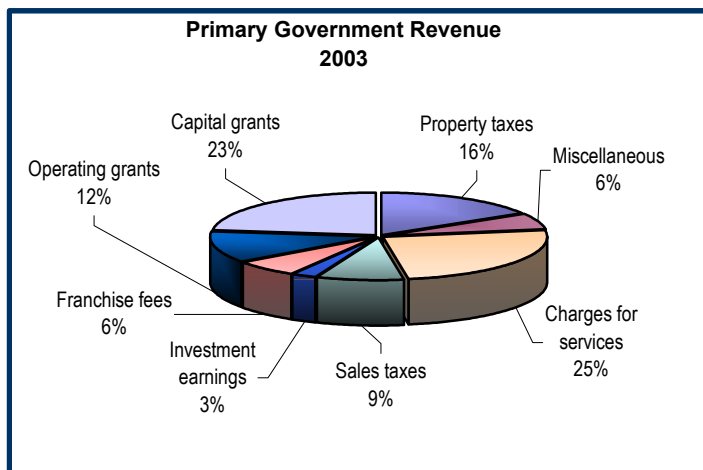
Table 1 (continued)

| City of Wichita, Kansas Net Assets As of December 31, 2003 (with comparative totals for December 31, 2002) (in millions of dollars) Wichita Public Building Commission | | | |
|---|-------------|-------------|--|
| | 2003 | 2002 | |
| Current and other assets | \$ 36.4 | \$ 41.4 | |
| Capital assets | - | - | |
| Total assets | 36.4 | 41.4 | |
| Long-term liabilities | 32.1 | 32.7 | |
| Other liabilities | 4.3 | 8.7 | |
| Total liabilities | 36.4 | 41.4 | |
| Net assets: | | | |
| Capital assets, net of debt | - | - | |
| Restricted | - | - | |
| Unrestricted | - | - | |
| Total net assets | \$ - | \$ - | |

consequently the capital assets are not available for future spending. An additional portion of these assets (22 percent) represents resources that are subject to external restrictions on how they may be spent. The unrestricted portion of the net assets is \$47.9 million (4 percent).

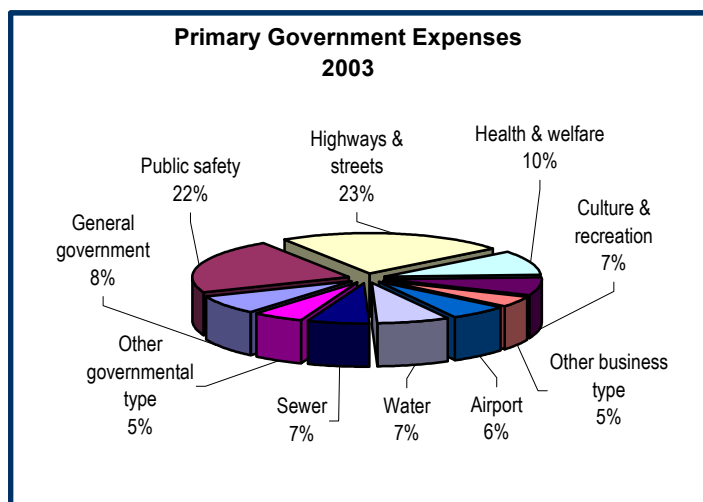
The unrestricted portion of the Business-type assets is \$32.9 million. The net assets (restricted and unrestricted) cannot be used to make up for any net asset deficit in governmental activities (current or projected). The City can only use these net assets to finance the continuing operations of the Water, Sewer, Airport, Golf, Storm Water, and Transit activities.

The City's total revenues (including capital and operating grants) totaled \$456.8 million in 2003, \$28.4 million more than in 2002.



While operating grants declined by \$4.5 million dollars (8 percent) capital grants funding major highway projects increased \$39 million dollars. With the exception of highway grants, capital grants declined overall by \$6 million.

Operating grants and charges for services (fee based) funded 42 percent of the governmental and business-type activities in 2003, a decrease from 50 percent in 2002. Property and sales tax contribute 25 percent of the revenue and the remaining portion is generated from investment earnings, franchise fees, or miscellaneous income.



The City's expenses totaled \$401.1 million. Combined expenses of the business-type activities represent 25 percent of the total expenses. Water and Sewer expenses are approximately seven percent each of total expenditures with Airport representing the next largest business-type activity at six percent of total City expenditures.

Traditionally public safety expenses represent the largest expenses of the governmental activities. In fiscal year 2003, increased major street and highway projects caused street and highway expenses to reach 23 percent of total expenses, surpassing public safety at 22 percent. Health and welfare, largely

funded through operating grants, represents ten percent of total expenses with culture and recreation at seven percent and general government representing eight percent of total City expenditures.

Governmental Activities

Revenues for the governmental activities are derived from several major sources such as charges for services, taxes, and operating or capital grants. Operating and capital grants include revenues dedicated for special assessment projects, curb-to-curb maintenance (gas tax) as well as health and welfare projects. Table 2 on the following page provides a tabular comparison between the governmental revenues and expenses of fiscal years 2002 and 2003. Both revenues and expenses in fiscal 2003 increased over those in 2002.

The increase in net governmental assets is primarily the result of capital grants received for street and highway improvements. Contributions from special assessments on properties directly benefiting from street projects contributed \$25.9 million or 6 percent of total City revenue.

The cost of governmental activity was \$302.5 million overall. The amount paid by taxpayers through City sales and property taxes totaled \$115.0 million or 38 percent compared to 44 percent in 2002. Notably general governmental revenues have remained relatively stable, however fiscal 2003 was the first full year in which the City did not receive demand transfers from the State, a loss of approximately \$5.5 million dollars annually. The City adjusted services and expenditures to accommodate the loss of state shared revenue.

Business-type Activities

The Water and Sewer Utilities are the largest business-type activity funds of the City of Wichita. Capital improvements (sewage treatment plants and relocation of facilities) have required significant outlays causing increased pressures on rates. Water and Sewer rate increases were three percent in each of the last three years with an additional 4 percent increase in 2003 for taste and odor treatment specifically. Fiscal year 2004 also has a three percent increase budgeted with a similar increase for 2005 projected. To ensure that the current utility customers are not bearing a disparate share of the costs associated with financing major capital improvements that will serve customers for many years to come, bonds were issued for a period of 20 and 25 years variously based on the nature and structure of the project.

Airport, the next largest business-type activity, enhanced security with the addition of 15 security officers and additional contracted employees in 2002. AirTran Airways continues as the City's eastbound low-cost carrier, while Allegiant Air provides low-cost services directly to Las Vegas. Westbound Frontier Jet Express has recently exited the market. The City is currently seeking a new westbound low-cost carrier to maintain the increased passenger traffic at the Airport as well as lower airfare resulting from competition. Mid-Continent Airport was recognized in 2003 as one of the fastest growing airports in the nation, with a record number of passengers using the airport.

Transit operations are funded from fares, General Fund subsidies and state and federal grants. The Transit fleet consists of 51 buses, 39 of which were purchased with federal and state grant funds since 2001. The Transit fleet also contains 15 para-transit vans, replaced on a rotating basis with federal and state grant funds. A new transit operations center was placed in service in 1999, with computerized scheduling for paratransit service implemented in 2002, and electronic fareboxes in 2003. With federal and state grant funds having remained stable, the Transit operation is well positioned for the future.

The City operates five golf courses with an estimated 200,000 rounds of golf played annually. The City's newest golf course, Auburn Hills, has been in operation for two years and is ranked as one of the top ten public courses in Kansas. Operational restructuring has been implemented at several of the courses to maintain a quality attraction with a fee structure that encourages golfing as a leisure activity.

The \$24.1 million increase in net assets in business-type activities is, at the Airport, largely derived from capital grants and improvements funded from passenger facility charges, while the increase in net assets in the Water and Sewer Utilities is largely derived from special assessment revenue on improvements.

City of Wichita
Changes in Net Assets
As of December 31, 2003
(with comparative totals for December 31, 2002)
(in millions of dollars)

Table 2

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|--------------------------------|----------------|---------------------------------|----------------|---------------------------------|----------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 30.9 | \$ 30.6 | \$ 83.3 | \$ 84.8 | \$ 114.2 | \$ 115.4 |
| Operating grants and contributions | 50.7 | 54.0 | 3.1 | 4.3 | 53.8 | 58.3 |
| Capital grants and contributions | 78.1 | 39.2 | 27.6 | 33.8 | 105.7 | 73.0 |
| General revenues | | | | | | |
| Property taxes | 75.3 | 71.5 | - | - | 75.3 | 71.5 |
| Sales taxes | 39.7 | 41.0 | - | - | 39.7 | 41.0 |
| Franchise fees | 29.3 | 28.8 | - | - | 29.3 | 28.8 |
| Other taxes | 15.5 | 15.4 | - | - | 15.5 | 15.4 |
| Investment earnings | 5.5 | 8.6 | 6.3 | 5.7 | 11.8 | 14.3 |
| Miscellaneous | 11.4 | 10.4 | 0.1 | 0.3 | 11.5 | 10.7 |
| Total revenues | 336.4 | 299.5 | 120.4 | 128.9 | 456.8 | 428.4 |
| Expenses | | | | | | |
| General government | 30.9 | 30.8 | - | - | 30.9 | 30.8 |
| Public safety | 88.4 | 84.8 | - | - | 88.4 | 84.8 |
| Highways and streets | 94.3 | 50.1 | - | - | 94.3 | 50.1 |
| Sanitation | 4.9 | 5.2 | - | - | 4.9 | 5.2 |
| Health and welfare | 38.8 | 37.4 | - | - | 38.8 | 37.4 |
| Culture and recreation | 29.2 | 30.4 | - | - | 29.2 | 30.4 |
| Interest on long-term debt | 16.0 | 15.9 | - | - | 16.0 | 15.9 |
| Water | - | - | 29.7 | 26.9 | 29.7 | 26.9 |
| Sewer | - | - | 26.1 | 21.9 | 26.1 | 21.9 |
| Storm Water | - | - | 4.2 | 4.0 | 4.2 | 4.0 |
| Golf | - | - | 4.0 | 3.9 | 4.0 | 3.9 |
| Airport | - | - | 24.6 | 23.8 | 24.6 | 23.8 |
| Transit | - | - | 10.0 | 9.8 | 10.0 | 9.8 |
| Total expenses | 302.5 | 254.6 | 98.6 | 90.3 | 401.1 | 344.9 |
| Excess before special items and transfers | 33.9 | 44.9 | 21.8 | 38.6 | 55.7 | 83.5 |
| Special item - loss on sales of assets | - | (1.9) | - | - | - | (1.9) |
| Transfers | (2.3) | (3.7) | 2.3 | 3.7 | - | - |
| Increase in net assets | <u>\$ 31.6</u> | <u>\$ 39.3</u> | <u>\$ 24.1</u> | <u>\$ 42.3</u> | <u>\$ 55.7</u> | <u>\$ 81.6</u> |

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The governmental funds reported a combined fund balance at year end of \$97.3 million, an increase of \$4.9 million over 2002. The most notable change was a \$6.2 million increase in the Debt Service Fund which carried a higher cash balance than at the close of the prior year. The Debt Service Fund cash, though unreserved, is designated for future debt service payments.

Included in the governmental funds are the capital projects funds. The City is continuing the expansion of Kellogg – the primary east/west connector through the City, has completed and reopened the Art Museum after a \$4.4 million remodel and expansion, and has completed the Old Town Cinema construction project. Numerous other economic development projects are ongoing through both public and private/public partnerships, including the Kansas Sports Hall of Fame (in progress), the Museum of Ancient Treasures (completed), and the streetscape refurbishment of the historic Delano district.

The General Fund is the major operating and taxing fund for the City of Wichita. At the close of 2003, the unreserved fund balance of the General Fund was \$20.7 million compared to \$21.1 million at the close of 2002. The designated portion, \$12.2 million, is for operating contingencies in the upcoming year.

The fund balance for the General Fund remained at \$23.4 million during the year. Highlights of major revenue sources are:

- Property taxes increased \$2.2 million as a result of increased property valuations. The City has held a long standing policy of maintaining a flat mill levy, currently at 31.9 mills.
- The City's portion of the local sales tax declined by more than half a million. Lower retail sales contributed to an overall lower collection in Sedgwick County. The sales tax revenue is also impacted by the distribution formula which increases the distribution to municipalities that increase their mill levy.
- Franchise fees had declined in 2002 due to a reduction in electric rates and the growth in wireless technology which reduced the need to run land lines through City rights-of-ways, and thus, reduced franchise fees. While that growth in wireless technology continues, higher natural gas prices resulted in modest growth in franchise fee revenue in 2003 compared to 2002.
- The decline in intergovernmental revenue reflects the elimination of state demand transfers. The State of Kansas implemented the change in late 2002. The impact in the first full year without demand transfers was a reduction in intergovernmental revenue of \$5.0 million.
- Market conditions continue to generate minimal interest earnings. Earnings on investments of \$2.8 million in 2003 are comparable to earnings in 2002.

General Fund expenses, excluding transfers, totaled \$140.7 million, \$644,213 below 2002. On a budgetary basis, General Fund expenditures were \$23.6 million below the original budget. Throughout most of 2002 and continuing throughout 2003, the City carefully evaluated position vacancies and deferred filling non-essential vacancies as a result of prevailing economic conditions. Discretionary expenses were carefully reviewed and identified for deferral or deletion in response to the revenue shortfall and the elimination of state revenue sharing funds. As a result, the General Fund was able to maintain a strong cash position and is positioned well to continue essential services.

Net transfers from the General Fund were also trimmed from a net outflow of \$8.2 million to a net outflow of \$6.0 million. Subsidies to other funds for services and transfers for discretionary programs were re-evaluated and re-prioritized yielding a \$2.2 million reduction in the outflow of resources.

The Debt Service Fund carried a fund balance of \$26.3 million at year end, up from \$20.1 million in 2002. All of the fund balance is reserved for the payment of debt service. The target fund balance for the Debt Service Fund is \$3 million. Funds in excess of this target will be incorporated into the 2005-2014 Capital Improvement Program (CIP) for use in expanding the first two years of the program.

General Fund Budgetary Highlights

Actual revenue and other financing sources did not meet the expectations of either the original or final budgets. Table 3 illustrates that revenue was \$10.9 million, or seven percent below the original revenue budget. Internally the City revised its revenue estimates to presume that \$7.9 million of the projected revenue would not be received. The budgetary presentation on page A-23 shows this revised budget adjustment.

The most significant change from original budget to actual revenue is the loss in intergovernmental revenue of \$5.0 million. The State's decision to eliminate demand transfers to municipalities came after the adoption and certification of the 2004 budget. Franchise fees, though slightly higher than in 2002, were \$2.0 million less than originally anticipated. Local sales tax revenue also was \$1.3 million lower than originally projected. Overall, revenues were less than projected in both the original and final budget.

Expenditures and other uses of funds, shown in Table 3, were restrained in light of the significant reduction in transfers from the State of Kansas and the general economic conditions. Actual expenditures and transfers out were less than both the original and final budget, yet exceeded actual revenue to draw down the fund balance by \$356,618.

Annually, the adopted budget is revised as approved by Council. Customarily, the revised budget does not increase as the City seeks cost savings and opportunities for improvements across the City. Highlights in budgetary changes are as follows:

- The budget includes funding for two new police beats to rebalance and redistribute the Police call loads.
- The budget includes 20 additional fire staff to augment apparatus staffing and provide additional resources in under served areas.
- Budget reductions were made in all tax-supported operations in the General Fund which included the elimination of 56 staff positions.
- Operating funds are included for two new regional libraries.

City of Wichita, Kansas
General Fund Summary
As of December 31, 2003
(with comparative totals for December 31, 2002)
(in millions of dollars)

Table 3

| | Adopted 2003 Budget | Revised 2003 Budget | 2003 Actual Amounts | 2002 Actual Amounts |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 77.5 | \$ 75.5 | \$ 75.0 | \$ 73.4 |
| Franchise fees | 31.3 | 29.8 | 29.3 | 28.8 |
| Program revenues | 19.9 | 20.7 | 19.5 | 18.8 |
| Intergovernmental revenue | 20.9 | 16.0 | 15.9 | 20.9 |
| Other revenue and transfers | 11.5 | 11.2 | 10.5 | 7.8 |
| Reduced revenue projection | - | 7.9 | - | - |
| Total revenues and transfers | 161.1 | 161.1 | 150.2 | 149.7 |
| Expenditures and transfers | | | | |
| General government | 20.4 | 21.5 | 18.8 | 20.6 |
| Appropriated reserve | 14.6 | 18.9 | - | - |
| Public safety | 81.8 | 79.1 | 78.0 | 76.1 |
| Highways and streets | 19.3 | 18.4 | 17.9 | 18.3 |
| Sanitation | 2.3 | 2.1 | 2.0 | 2.1 |
| Health and welfare | 2.7 | 3.8 | 3.6 | 2.4 |
| Culture and recreations | 23.7 | 22.1 | 20.9 | 22.0 |
| Transfers | 10.7 | 9.6 | 9.3 | 10.5 |
| Total expenses and transfers | \$ 175.5 | \$ 175.5 | \$ 150.5 | \$ 152.0 |
| Fund balance | \$ 8.8 | \$ 6.7 | \$ 20.8 | \$ 21.2 |

Capital Assets

At the end of 2003, the City of Wichita had invested \$1,649.0 billion (net of depreciation) in a broad range of capital assets, including water and sewer facilities, police and fire equipment, buildings, parks, airfields, roads, bridges, and land (Table 4). Capital assets, net of depreciation, increased \$125.1 million during 2003 with 65 percent of the increase in governmental activities. Land and construction in progress in governmental activities increased \$51.7 million, largely land acquisitions for expansion of Kellogg and the accompanying Kellogg extension projects. Governmental assets placed into service and being depreciated totaled \$30.0 million.

Capital assets in business-type activities increased \$43.4 million in 2003, \$13.8 million or 32 percent of which is land (\$4.0 million) and construction in progress (\$9.8 million). The Airport and Water and Sewer Utilities account for the increases in construction in progress. The bulk of the assets placed into service are attributable to the system expansion and improvements in the Water and Sewer Utilities. Additional information can be found in Note 6 to the Financial Statements.

Major capital asset additions include:

- ❑ Near completion are infrastructure improvements (\$8.7 million) to facilitate a 450,000 square foot Cessna Citation Service Center which will result in approximately 800 new jobs and bring Cessna Citation owners and their flight crews to Wichita, also boosting tourism.
- ❑ Renovation of Central Riverside Park (\$5.0 million) in addition to improvements to athletic complexes (\$2.7 million).
- ❑ The Gilbert & Mosley groundwater remediation and Water Center was completed (\$11.3 million).
- ❑ The fire station relocation project continues to construct a total of ten new stations, relocating eight existing stations for a net addition of two fire stations between 2000 and 2009. Six facilities have been constructed and the relocation completed for a capital expenditure of \$6.3 million. The relocation project is aimed at minimizing response time and long-term maximization of resources.
- ❑ The Old Town Cinema Redevelopment Project was constructed for a cost of \$9.3 million in public funds and over \$15 million in private funds in 2002. The surrounding plaza has also been under development and will soon be complemented with the relocation of City Arts, a City owned and operated art teaching center and gallery (\$3.5 million).

City of Wichita, Kansas
Capital Assets Net of Depreciation
As of December 31, 2003
(with comparative totals for December 31, 2002)
(in millions of dollars)

Table 4

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | |
|--------------------------|--------------------------------|-----------------|---------------------------------|-----------------|---------------------------------|-------------------|-----------------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | Percent Change |
| Land | \$ 211.1 | \$ 182.1 | \$ 26.9 | \$ 22.9 | \$ 238.0 | \$ 205.0 | 16.1% |
| Airfield | - | - | 43.5 | 48.3 | 43.5 | 48.3 | -9.9% |
| Buildings & improvements | 122.6 | 117.2 | 602.5 | 569.1 | 725.1 | 686.3 | 5.7% |
| Equipment | 24.1 | 16.4 | 42.3 | 41.3 | 66.4 | 57.7 | 15.1% |
| Infrastructure | 243.3 | 226.4 | - | - | 243.3 | 226.4 | 7.5% |
| Construction in progress | 204.2 | 181.5 | 128.5 | 118.7 | 332.7 | 300.2 | 10.8% |
| Total | \$ 805.3 | \$ 723.6 | \$ 843.7 | \$ 800.3 | \$ 1,649.0 | \$ 1,523.9 | 8.2% |

Long-term Debt. The City finances capital projects with a variety of tools: general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of the financing tools is general obligation bonds based on the full faith and credit of the City. Projects that rely most heavily upon property taxes for repayment of general obligation bonds are arterial streets, bridges, storm water, parks, transit, core area projects, and public buildings. Other capital costs are funded through various enterprise, internal service and special revenue funds. The City adopts a ten year Capital Improvement Program (CIP). Two years (2004 and 2005) are a capital budget for purposes of project initiation and the remaining period is a planning tool. The City of Wichita maintains an "Aa2" rating from Moody's and "AA" from Standard and Poors. The Water and Sewer Utilities maintain a rating of "A1" from Moody's and "AAA" insured.

At year-end the City had \$744.2 million in bonds outstanding, illustrated in Table 5, and \$73.3 million in temporary notes outstanding. Debt outstanding for the City of Wichita increased by \$159.5 million due primarily to a sales tax issue in the amount of \$48.8 million refunding and improvement bonds for highway projects, and Water and Sewer Utility revenue bonds in the amount of \$120.4 million which provided permanent financing for the utilities' capital program. Bonds were also issued for the neighborhood improvement districts (special assessments), groundwater contamination cleanup and general improvements.

Total new debt was \$256.2 million with total retirements of \$96.7 million. Temporary notes decreased \$21.3 million in 2003, replaced with permanent financing. More detail is located in the Notes to the Financial Statements and in the Additional Information and Statistical sections of this financial report.

City of Wichita, Kansas
General Obligation and Revenue Bonds
As of December 31, 2003
(with comparative totals for December 31, 2002)
(in millions of dollars)

Table 5

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|-----------------|-----------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Ad valorem property taxes | \$ 78.7 | \$ 72.0 | \$ - | \$ - | \$ 78.7 | \$ 72.0 |
| Special assessments | 160.9 | 148.5 | - | - | 160.9 | 148.5 |
| Tax Increment | 18.5 | 19.9 | - | - | 18.5 | 19.9 |
| Transient guest tax | 10.5 | 12.5 | - | - | 10.5 | 12.5 |
| Local sales tax | 92.7 | 56.0 | - | - | 92.7 | 56.0 |
| G.O. and Revenue | - | - | 349.4 | 238.3 | 349.4 | 238.3 |
| Wichita Public Building Commission | - | - | 33.5 | 37.5 | 33.5 | 37.5 |
| Total | \$ 361.3 | \$ 308.9 | \$ 382.9 | \$ 275.8 | \$ 744.2 | \$ 584.7 |

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30 percent of the equalized tangible valuation. The current limitation for the City is \$843.5 million, significantly higher (\$463.3 million) than the general obligation outstanding debt. Additional information can be found in Note 9 to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The continued weakness in the manufacturing labor market continues to hamper Wichita's economic growth. Some encouraging economic signs in early 2004 are strong housing sales, small numbers of labor recalls in manufacturing, the relocation of one of the Wichita-based Koch Industries Invista business centers in Wichita with a projection of 200 jobs expected to pay \$100,000 on average, and rising consumer expectations. The Center for Economic Development and Business Research (CEDBR) at Wichita State University is projecting a slow economic recovery in late 2004 and early 2005.

Total wage and salary employment declined 2.6 percent in 2003 compared to 2002, for a net loss of 7,200 jobs. During 2003, the number of initial claims filed for unemployment insurance rose 21.7 percent in the Wichita metro area. The unemployment rate increased from 6.3 percent in 2002 to 7.1 percent in 2003. The CEDBR is forecasting a net loss of 1,200 in 2004 jobs or a decline of 0.4 percent while projecting an increase in personal income of 3.7 percent during that same time period.

The State of Kansas will continue to eliminate demand transfers from cities during 2004 and the recovery of the local economy is expected to be slow and steady. The City of Wichita is partnering with the private sector to replace jobs lost to international outsourcing, capitalizing on the strengths of the City and region, such as the existing labor market, professional and business services, education, healthcare and tourism. Although many people do not associate tourism with Wichita, an estimated 3.4 million visitors came to the area in 2003 spending approximately \$355.7 million. In 2004, the Women's International Bowling Congress will bring an estimated 42,000 bowlers and 150,000 visitors with it. Spurring economic development and maintaining infrastructure and essential services are all factors considered in preparing the City's budget for 2005 and revising the 2004 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for individuals with an interest in the City's finances. Additional information is provided within the Notes to the Financial Statements, beginning on page A-36. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 455 North Main, City of Wichita, Kansas, Wichita, KS 67202.

CITY OF WICHITA, KANSAS

STATEMENT OF NET ASSETS

December 31, 2003

| | Primary Government | | | Component Unit |
|---|--------------------|--------------------|----------------------|-----------------|
| | Governmental | Business-Type | | Wichita |
| | Activities | Activities | Total | Public Building |
| | | | | Commission |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 187,697,340 | \$ 16,146,885 | \$ 203,844,225 | \$ - |
| Investments | 1,400,950 | - | 1,400,950 | - |
| Receivables (net) | 253,115,446 | 7,815,229 | 260,930,675 | - |
| Internal balances | (364,589) | 364,589 | - | - |
| Prepaid items | 78,566 | 52,081 | 130,647 | - |
| Inventories | 437,837 | 1,544,761 | 1,982,598 | - |
| Due to other agencies | 2,422,120 | 2,801,740 | 5,223,860 | - |
| Notes receivable | 3,035,846 | - | 3,035,846 | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 86,178,111 | 86,178,111 | 1,918,271 |
| Investments | - | - | - | - |
| Receivables | - | 370,814 | 370,814 | 508,137 |
| Net investment in direct financing leases | - | 77,569,852 | 77,569,852 | 33,947,733 |
| Other assets | - | 3,832,097 | 3,832,097 | - |
| Capital assets: | | | | |
| Land and construction in progress | 415,241,452 | 155,482,781 | 570,724,233 | - |
| Other capital assets, net of depreciation | 390,041,897 | 688,191,768 | 1,078,233,665 | - |
| Total capital assets | 805,283,349 | 843,674,549 | 1,648,957,898 | - |
| Total assets | 1,253,106,865 | 1,040,350,708 | 2,293,457,573 | 36,374,141 |
| LIABILITIES | | | | |
| Accounts payable and other current liabilities | 11,072,907 | 2,721,657 | 13,794,564 | - |
| Accrued interest payable | 4,119,760 | 3,843,330 | 7,963,090 | 508,137 |
| Temporary notes payable | 50,115,148 | 225,900 | 50,341,048 | - |
| Deposits | 1,856,724 | 1,793,054 | 3,649,778 | - |
| Deferred revenue | 81,589,017 | - | 81,589,017 | - |
| Due to other agencies | 195,600 | - | 195,600 | 1,918,271 |
| Noncurrent liabilities, including claims payable: | | | | |
| Due within one year | 73,222,759 | 17,246,692 | 90,469,451 | 1,430,000 |
| Due in more than one year | 371,963,690 | 338,520,871 | 710,484,561 | 32,075,000 |
| Other liabilities | - | - | - | 442,733 |
| Total liabilities | 594,135,605 | 364,351,504 | 958,487,109 | 36,374,141 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 414,205,744 | 574,685,044 | 988,890,788 | - |
| Restricted for: | | | | |
| Capital projects | 23,340,520 | 6,770,988 | 30,111,508 | - |
| Highways and streets | 12,557,596 | - | 12,557,596 | - |
| Debt service | 180,799,147 | 2,978,169 | 183,777,316 | - |
| Revenue bond reserves | - | 65,389,333 | 65,389,333 | - |
| Perpetual care | 813,468 | - | 813,468 | - |
| Other purposes | 12,240,282 | - | 12,240,282 | - |
| Unrestricted | 15,014,503 | 26,175,670 | 41,190,173 | - |
| Total net assets | \$ 658,971,260 | \$ 675,999,204 | \$ 1,334,970,464 | \$ - |

The accompanying notes are an integral part of the basic financial statements.

CITY OF WICHITA, KANSAS

STATEMENT OF ACTIVITIES

For the year ended December 31, 2003

| Functions/Programs | Program Revenues | | | |
|------------------------------------|------------------|-------------------------|---------------------------------------|-------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| General government | \$ 30,887,567 | \$ 14,281,713 | \$ 839,738 | \$ 31,597 |
| Public safety | 88,369,214 | 5,206,757 | 2,157,612 | - |
| Highways and streets | 94,347,860 | 4,602,477 | 14,959,230 | 78,028,429 |
| Sanitation | 4,908,374 | 425,075 | - | - |
| Health and welfare | 38,789,591 | 1,437,828 | 30,833,565 | - |
| Culture and recreation | 29,205,330 | 5,008,923 | 1,880,490 | - |
| Interest on long-term debt | 16,037,477 | - | - | - |
| Total governmental activities | 302,545,413 | 30,962,773 | 50,670,635 | 78,060,026 |
| Business-type activities: | | | | |
| Water | 29,658,375 | 31,980,317 | - | 7,748,138 |
| Sewer | 26,132,841 | 25,714,023 | - | 6,913,045 |
| Storm Water | 4,216,788 | 5,325,696 | - | 4,166,783 |
| Golf Course System | 4,048,691 | 3,479,199 | 590,751 | - |
| Airport | 24,605,748 | 15,153,394 | - | 6,743,425 |
| Transit | 9,958,858 | 1,618,627 | 2,547,646 | 2,050,254 |
| Total business-type activities | 98,621,301 | 83,271,256 | 3,138,397 | 27,621,645 |
| Total primary government | \$ 401,166,714 | \$ 114,234,029 | \$ 53,809,032 | \$ 105,681,671 |
| Component unit: | | | | |
| Wichita Public Building Commission | \$ - | \$ - | \$ - | \$ - |

General revenues:

Property taxes

Sales taxes

Franchise fees

Other taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues, special items and transfers

Change in net assets

Net assets, beginning of year as previously reported

Prior period adjustment

Net assets, beginning of year as restated

Net assets, end of year

The accompanying notes to the financial statements are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Assets | | | |
|---|--------------------------|------------------|------------------------------------|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-type Activities | Total | Wichita Public Building Commission |
| \$ (15,734,519) | \$ - | \$ (15,734,519) | \$ - |
| (81,004,845) | - | (81,004,845) | - |
| 3,242,276 | - | 3,242,276 | - |
| (4,483,299) | - | (4,483,299) | - |
| (6,518,198) | - | (6,518,198) | - |
| (22,315,917) | - | (22,315,917) | - |
| (16,037,477) | - | (16,037,477) | - |
| (142,851,979) | - | (142,851,979) | - |
| - | 10,070,080 | 10,070,080 | - |
| - | 6,494,227 | 6,494,227 | - |
| - | 5,275,691 | 5,275,691 | - |
| - | 21,259 | 21,259 | - |
| - | (2,708,929) | (2,708,929) | - |
| - | (3,742,331) | (3,742,331) | - |
| - | 15,409,997 | 15,409,997 | - |
| (142,851,979) | 15,409,997 | (127,441,982) | - |
| - | - | - | - |
| 75,300,153 | - | 75,300,153 | - |
| 39,735,404 | - | 39,735,404 | - |
| 29,259,353 | - | 29,259,353 | - |
| 15,543,505 | - | 15,543,505 | - |
| 5,471,740 | 6,258,369 | 11,730,109 | - |
| 11,403,509 | 144,499 | 11,548,008 | - |
| (2,301,774) | 2,301,774 | - | - |
| 174,411,890 | 8,704,642 | 183,116,532 | - |
| 31,559,911 | 24,114,639 | 55,674,550 | - |
| 627,411,349 | 657,029,984 | 1,284,441,333 | - |
| - | (5,145,419) | (5,145,419) | - |
| 627,411,349 | 651,884,565 | 1,279,295,914 | - |
| \$ 658,971,260 | \$ 675,999,204 | \$ 1,334,970,464 | \$ - |

CITY OF WICHITA, KANSAS

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2003

| | General Fund | Federal/State Assistance Fund | Debt Service Fund |
|--|----------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 30,067,059 | \$ 4,234,593 | \$ 26,286,111 |
| Investments | - | 900,000 | - |
| Receivables, net: | | | |
| Property taxes | 51,438,040 | - | 23,680,480 |
| Due from other agencies | - | 1,311,620 | - |
| Special assessments | - | - | 160,865,000 |
| Accounts | 740,787 | 3,594,713 | - |
| Interest | - | 6,183 | - |
| Due from other funds | 50,000 | 1,048,926 | 657,000 |
| Prepaid items | - | 77,885 | - |
| Notes receivable | - | 1,978,176 | - |
| Inventories | - | 71,375 | - |
| | <hr/> | <hr/> | <hr/> |
| Total assets | <u>\$ 82,295,886</u> | <u>\$ 13,223,471</u> | <u>\$ 211,488,591</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and other liabilities | \$ 6,816,350 | \$ 743,167 | \$ - |
| Accrued interest payable | - | - | - |
| Temporary notes payable | - | - | - |
| Deposits | 529,302 | 138,610 | - |
| Due to other agencies | - | 195,600 | - |
| Due to other funds | 11,346 | 1,048,926 | - |
| Deferred revenue | 51,486,880 | 5,294,657 | 185,202,480 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | <u>58,843,878</u> | <u>7,420,960</u> | <u>185,202,480</u> |
| Fund balances (deficits): | | | |
| Reserved for: | | | |
| Inventories | - | 71,375 | - |
| Encumbrances | 2,682,940 | 1,343,513 | - |
| Prepaid items | - | 77,885 | - |
| Unreserved: | | | |
| Designated | 12,242,494 | - | 26,286,111 |
| Undesignated | 8,526,574 | 4,309,738 | - |
| Undesignated, reported in Special Revenue Funds | - | - | - |
| Undesignated, reported in Capital Projects Funds | - | - | - |
| Undesignated, reported in Permanent Fund | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total fund balances (deficits) | <u>23,452,008</u> | <u>5,802,511</u> | <u>26,286,111</u> |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities and fund balances | <u>\$ 82,295,886</u> | <u>\$ 13,223,471</u> | <u>\$ 211,488,591</u> |

The accompanying notes to the financial statements are an integral part of this statement.

| Street Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|--------------------------------|--------------------------------|
| \$ 17,897,013 | \$ 67,260,626 | \$ 145,745,402 |
| - | 253,966 | 1,153,966 |
| - | - | 75,118,520 |
| - | 1,110,500 | 2,422,120 |
| - | - | 160,865,000 |
| 9,945,814 | 1,955,564 | 16,236,878 |
| - | 2,777 | 8,960 |
| - | 16,420,308 | 18,176,234 |
| - | - | 77,885 |
| - | 1,057,670 | 3,035,846 |
| - | - | 71,375 |
| <u>\$ 27,842,827</u> | <u>\$ 88,061,411</u> | <u>\$ 422,912,186</u> |

| | | |
|-------------------|-------------------|--------------------|
| \$ 997,689 | \$ 1,639,609 | \$ 10,196,815 |
| 113,518 | 111,040 | 224,558 |
| 28,851,930 | 21,263,218 | 50,115,148 |
| - | 94,612 | 762,524 |
| - | - | 195,600 |
| - | 20,627,308 | 21,687,580 |
| - | 470,000 | 242,454,017 |
| <u>29,963,137</u> | <u>44,205,787</u> | <u>325,636,242</u> |

| | | |
|----------------------|----------------------|-----------------------|
| - | - | 71,375 |
| 84,350,814 | 13,192,460 | 101,569,727 |
| - | - | 77,885 |
| - | - | 38,528,605 |
| - | - | 12,836,312 |
| - | 49,042,384 | 49,042,384 |
| (86,471,124) | (19,192,688) | (105,663,812) |
| - | 813,468 | 813,468 |
| <u>(2,120,310)</u> | <u>43,855,624</u> | <u>97,275,944</u> |
| <u>\$ 27,842,827</u> | <u>\$ 88,061,411</u> | <u>\$ 422,912,186</u> |

City of Wichita, Kansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2003

Amounts reported for governmental activities in the statement of net assets are different because:

| | | |
|---|----------------------|------------------------------|
| Total fund balance -- governmental funds | | \$ 97,275,944 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Cost | 986,670,378 | |
| Accumulated Depreciation | <u>(191,818,312)</u> | 794,852,066 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | | |
| General Obligation Bonds Payable | 200,536,234 | |
| Special Assessment Bonds Payable | 160,865,000 | |
| Premium on Bonds Payable | 3,972,419 | |
| Accrued Interest Payable on the Bonds | 3,895,202 | |
| Section 108 Loan | 2,735,000 | |
| Bond anticipation notes | 22,968,952 | |
| Accreted interest | 2,456,762 | |
| Compensated Absences | 7,038,537 | |
| Liability for landfill closure and postclosure costs | <u>27,050,200</u> | (431,518,306) |
| Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement has been completed. | | 160,865,000 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets. | | <u>37,496,556</u> |
| Total net assets -- governmental activities | | <u>\$ 658,971,260</u> |

The accompanying notes to the financial statements are an integral part of this statement.

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CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended December 31, 2003

| | General Fund | Federal/State Assistance Fund | Debt Service Fund |
|--|----------------------|-------------------------------------|----------------------|
| REVENUES | | | |
| Taxes | \$ 55,106,918 | \$ - | \$ 26,177,595 |
| Special assessments | 31,597 | - | 25,042,498 |
| Franchise fees | 29,259,353 | - | - |
| Local sales tax | 19,867,702 | - | - |
| Intergovernmental | 15,937,542 | 30,691,981 | - |
| Licenses and permits | 1,743,499 | - | - |
| Fines and penalties | 8,453,523 | - | - |
| Rentals | 2,277,308 | - | - |
| Interest earnings | 2,859,295 | 143,856 | 698,547 |
| Charges for services and sales | 6,953,578 | - | - |
| Other | 4,379,400 | 2,430,927 | 372,376 |
| Total revenues | <u>146,869,715</u> | <u>33,266,764</u> | <u>52,291,016</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 18,718,563 | 353,315 | - |
| Public safety | 77,989,340 | 2,535,610 | - |
| Highways and streets | 17,329,099 | 396,921 | - |
| Sanitation | 2,016,096 | - | - |
| Health and welfare | 3,574,435 | 29,921,077 | - |
| Culture and recreation | 21,103,589 | 510,807 | - |
| Debt service: | | | |
| Principal retirement | - | - | 40,436,278 |
| Interest and fiscal charges | - | - | 14,772,999 |
| Capital outlay | - | - | - |
| Total expenditures | <u>140,731,122</u> | <u>33,717,730</u> | <u>55,209,277</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>6,138,593</u> | <u>(450,966)</u> | <u>(2,918,261)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from long-term capital debt | - | - | - |
| Proceeds from refunding bonds | - | - | 18,230,000 |
| Premiums on bonds sold | - | - | 4,045,112 |
| Payments on refunded bonds | - | - | (21,880,000) |
| Transfers from other funds | 3,189,193 | 185,000 | 10,832,846 |
| Transfers to other funds | (9,260,069) | (96,266) | (2,102,804) |
| Total other financing sources (uses) | <u>(6,070,876)</u> | <u>88,734</u> | <u>9,125,154</u> |
| Net change in fund balances | 67,717 | (362,232) | 6,206,893 |
| Fund balances - beginning | <u>23,384,291</u> | <u>6,164,743</u> | <u>20,079,218</u> |
| Fund balances - ending | <u>\$ 23,452,008</u> | <u>\$ 5,802,511</u> | <u>\$ 26,286,111</u> |

The accompanying notes to the financial statements are an integral part of this statement.

| Street Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|--------------------------------|--------------------------------|
| \$ - | \$ 9,559,145 | \$ 90,843,658 |
| 508,009 | 293,282 | 25,875,386 |
| - | - | 29,259,353 |
| - | 19,867,702 | 39,735,404 |
| 39,783,518 | 4,078,942 | 90,491,983 |
| - | 3,870,876 | 5,614,375 |
| - | - | 8,453,523 |
| - | 1,897,933 | 4,175,241 |
| 462,643 | 889,042 | 5,053,383 |
| - | 2,887,957 | 9,841,535 |
| 1,034,565 | 7,123,274 | 15,340,542 |
| <u>41,788,735</u> | <u>50,468,153</u> | <u>324,684,383</u> |
| - | 6,270,752 | 25,342,630 |
| - | 6,217,063 | 86,742,013 |
| - | - | 17,726,020 |
| - | 1,574,450 | 3,590,546 |
| - | 4,604,631 | 38,100,143 |
| - | 4,372,142 | 25,986,538 |
| 8,534,532 | 6,236,454 | 55,207,264 |
| 588,541 | 319,605 | 15,681,145 |
| 111,808,938 | 59,524,155 | 171,333,093 |
| <u>120,932,011</u> | <u>89,119,252</u> | <u>439,709,392</u> |
| <u>(79,143,276)</u> | <u>(38,651,099)</u> | <u>(115,025,009)</u> |
| 76,042,987 | 43,263,587 | 119,306,574 |
| - | - | 18,230,000 |
| - | - | 4,045,112 |
| - | - | (21,880,000) |
| 6,512,815 | 23,925,294 | 44,645,148 |
| - | (32,985,086) | (44,444,225) |
| <u>82,555,802</u> | <u>34,203,795</u> | <u>119,902,609</u> |
| 3,412,526 | (4,447,304) | 4,877,600 |
| <u>(5,532,836)</u> | <u>48,302,928</u> | <u>92,398,344</u> |
| <u>\$ (2,120,310)</u> | <u>\$ 43,855,624</u> | <u>\$ 97,275,944</u> |

City of Wichita, Kansas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2003

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|---|-------------------------------|
| Net change in fund balances -- total governmental funds | \$ 4,877,600 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | |
| Depreciation expense | (15,043,469) |
| Capital outlays expense | <u>102,843,649</u> 87,800,180 |
| In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only any proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of capital assets sold. | |
| | (5,090,272) |
| In the statement of activities, transfers of capital assets from governmental activities to business type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there was no outward flow of current financial resources. | |
| | (618,042) |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. | |
| | (137,532,314) |
| Bond premium proceeds provide current financial resources to governmental funds, but premiums on sales do not increase long-term liabilities in the statement of net assets. | |
| | (4,045,112) |
| The amortization of bond premiums decrease the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds. | |
| | 72,693 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | |
| General obligation bonds | 32,256,277 |
| Special assessment bonds | 29,865,000 |
| Bond anticipation notes | 14,770,986 |
| Section 108 loan | <u>195,000</u> 77,087,263 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | |
| | 39,332 |
| In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). The compensated absences earned that exceed benefits paid is shown as an expense on the statement of activities. | |
| | (160,237) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. | |
| | (1,673,016) |
| Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the related improvement has been completed. | |
| | 12,325,000 |
| In the statement of activities, costs estimated to be incurred for closure and post-closure care of the landfill are recorded as incurred. In the governmental funds, however, expenditures are measured by the amount of financial resources used (or paid). The change in estimated costs incurred in excess of the amounts paid is shown as an expense on the statement of activities. | |
| | (1,127,500) |
| In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest is accreted when interest payments are due. | |
| | (395,664) |
| Change in net assets of governmental activities | <u><u>\$ 31,559,911</u></u> |

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|------------------|---------------|----------------|---|
| | Original | Final | Actual Amounts | |
| REVENUES | | | | |
| Taxes | \$ 56,316,670 | \$ 54,994,680 | \$ 55,106,918 | \$ 112,238 |
| Special assessments | 17,440 | 21,350 | 31,597 | 10,247 |
| Franchise fees | 31,308,880 | 29,760,570 | 29,259,353 | (501,217) |
| Local sales tax | 21,165,190 | 20,476,050 | 19,867,702 | (608,348) |
| Intergovernmental | 20,905,050 | 16,048,200 | 15,937,542 | (110,658) |
| Licenses and permits | 1,678,160 | 1,847,630 | 1,743,499 | (104,131) |
| Fines and penalties | 9,176,940 | 9,302,150 | 8,453,523 | (848,627) |
| Rentals | 2,539,600 | 2,488,870 | 2,277,308 | (211,562) |
| Interest earnings | 3,565,350 | 2,777,990 | 2,859,295 | 81,305 |
| Charges for services and sales | 6,534,130 | 7,052,750 | 6,953,578 | (99,172) |
| Other | 4,910,840 | 5,231,510 | 4,495,833 | (735,677) |
| Revised budget adjustment | - | 7,972,310 | - | (7,972,310) |
| Total revenues | 158,118,250 | 157,974,060 | 146,986,148 | (10,987,912) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 35,050,135 | 40,425,625 | 18,776,984 | 21,648,641 |
| Public safety | 81,830,160 | 79,169,970 | 78,048,950 | 1,121,020 |
| Highways and streets | 19,323,450 | 18,413,950 | 17,910,844 | 503,106 |
| Sanitation | 2,326,880 | 2,106,570 | 1,993,295 | 113,275 |
| Health and welfare | 2,664,450 | 3,767,650 | 3,577,327 | 190,323 |
| Culture and recreation | 23,676,180 | 22,067,540 | 20,964,490 | 1,103,050 |
| Total expenditures | 164,871,255 | 165,951,305 | 141,271,890 | 24,679,415 |
| Excess (deficiency) of revenues over (under) expenditures | (6,753,005) | (7,977,245) | 5,714,258 | 13,691,503 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from other funds | 3,004,340 | 3,148,530 | 3,189,193 | 40,663 |
| Transfers to other funds | (10,717,480) | (9,637,430) | (9,260,069) | 377,361 |
| Total other financing sources (uses) | (7,713,140) | (6,488,900) | (6,070,876) | 418,024 |
| Net change in fund balances | (14,466,145) | (14,466,145) | (356,618) | 14,109,527 |
| Fund balance - beginning | 23,245,577 | 21,125,686 | 21,125,686 | - |
| Fund balance - ending | \$ 8,779,432 | \$ 6,659,541 | \$ 20,769,068 | \$ 14,109,527 |

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

BALANCE SHEET PROPRIETARY FUNDS December 31, 2003

| | Business-type Activities - Enterprise Funds | | |
|--|--|------------------|----------------------|
| | Water Utility | Sewer Utility | Airport Authority |
| ASSETS | | | |
| Current assets: | | | |
| Cash and temporary investments | \$ 3,758,040 | \$ 2,767,241 | \$ 5,258,787 |
| Investments | - | - | - |
| Receivables, net | 5,712,951 | 1,222,228 | 557,586 |
| Due from other funds | - | - | - |
| Due from other agencies | - | - | 2,160,016 |
| Inventories | 1,223,624 | - | - |
| Prepaid items | 1,508 | - | 50,573 |
| Total current assets | 10,696,123 | 3,989,469 | 8,026,962 |
| Restricted assets: | | | |
| Cash and temporary investments | 47,268,441 | 32,143,436 | 6,766,234 |
| Receivables | - | - | 370,814 |
| Net investment in direct financing leases | - | - | 77,569,852 |
| Total restricted assets | 47,268,441 | 32,143,436 | 84,706,900 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 8,244,990 | 2,669,580 | 11,730,700 |
| Airfield | - | - | 107,663,708 |
| Buildings | 56,805,386 | 74,504,619 | 37,557,945 |
| Improvements other than buildings | 315,534,542 | 206,889,017 | 23,317,675 |
| Machinery, equipment and other assets | 33,226,722 | 17,594,292 | 15,356,422 |
| Construction in progress | 44,028,976 | 58,455,345 | 20,310,459 |
| Less accumulated depreciation | (113,632,001) | (61,846,442) | (121,080,011) |
| Total capital assets (net of accumulated depreciation) | 344,208,615 | 298,266,411 | 94,856,898 |
| Other assets | 1,892,484 | 1,906,715 | 32,898 |
| Total noncurrent assets | 393,369,540 | 332,316,562 | 179,596,696 |
| Total assets | \$ 404,065,663 | \$ 336,306,031 | \$ 187,623,658 |

The accompanying notes to the financial statements are an integral part of this statement.

| Business-type Activities - Enterprise Funds | | Governmental Activities |
|--|-------------------------|----------------------------|
| Other Enterprise Funds | Totals | Internal Service Funds |
| \$ 4,362,817 | \$ 16,146,885 | \$ 41,951,938 |
| - | - | 246,984 |
| 322,464 | 7,815,229 | 886,088 |
| 11,346 | 11,346 | 3,500,000 |
| 641,724 | 2,801,740 | - |
| 321,137 | 1,544,761 | 366,462 |
| - | 52,081 | 681 |
| <u>5,659,488</u> | <u>28,372,042</u> | <u>46,952,153</u> |
| - | 86,178,111 | - |
| - | 370,814 | - |
| - | 77,569,852 | - |
| <u>-</u> | <u>164,118,777</u> | <u>-</u> |
| 4,298,770 | 26,944,040 | 71,340 |
| - | 107,663,708 | - |
| 13,828,636 | 182,696,586 | 3,293,131 |
| 81,687,409 | 627,428,643 | - |
| 21,015,942 | 87,193,378 | 39,573,935 |
| 5,743,960 | 128,538,740 | - |
| (20,232,092) | (316,790,546) | (32,507,123) |
| <u>106,342,625</u> | <u>843,674,549</u> | <u>10,431,283</u> |
| - | 3,832,097 | - |
| <u>106,342,625</u> | <u>1,011,625,423</u> | <u>10,431,283</u> |
| <u>\$ 112,002,113</u> | <u>\$ 1,039,997,465</u> | <u>\$ 57,383,436</u> |

(Continued)

CITY OF WICHITA, KANSAS

BALANCE SHEET (CONTINUED)

PROPRIETARY FUNDS

December 31, 2003

| | Business-type Activities - Enterprise Funds | | |
|---|--|------------------|----------------------|
| | Water Utility | Sewer Utility | Airport Authority |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ 1,109,271 | \$ 472,600 | \$ 452,818 |
| Accrued interest payable | 250,158 | - | 79,658 |
| Temporary notes payable | - | - | - |
| Deposits | 1,776,900 | - | 15,186 |
| Current portion of long-term obligations: | | | |
| General obligation bonds payable | - | - | 575,000 |
| Contracts payable | 270,507 | - | - |
| Claims payable | - | - | - |
| Compensated absences | 396,489 | 255,553 | 234,982 |
| Current liabilities payable from restricted assets: | | | |
| Accounts payable and accrued expenses | - | - | 283,592 |
| Accrued interest payable | 1,611,339 | 1,475,606 | 370,814 |
| Revenue bonds payable | 5,881,628 | 4,528,274 | 2,433,699 |
| Total current liabilities | 11,296,292 | 6,732,033 | 4,445,749 |
| Noncurrent liabilities: | | | |
| General obligation bonds payable | - | - | 3,740,000 |
| Revenue bonds | 124,032,342 | 118,470,753 | 75,136,153 |
| Unamortized deferred refunding | (494,657) | (419,634) | - |
| Unamortized revenue bond premium | 2,207,780 | 3,306,853 | - |
| Contracts payable | 277,803 | - | - |
| Claims payable | - | - | - |
| Compensated absences | 54,914 | 35,394 | 34,037 |
| Total noncurrent liabilities | 126,078,182 | 121,393,366 | 78,910,190 |
| Total liabilities | 137,374,474 | 128,125,399 | 83,355,939 |
| NET ASSETS | | | |
| Invested in capital assets | - | - | - |
| Invested in capital assets, net of related debt | 216,936,101 | 175,732,889 | 90,462,240 |
| Restricted for: | | | |
| Capital projects | - | - | 6,766,234 |
| Debt Service | 1,502,562 | 1,475,607 | - |
| Revenue bond reserves | 39,549,834 | 25,839,499 | - |
| Unrestricted | 8,702,692 | 5,132,637 | 7,039,245 |
| Total net assets | 266,691,189 | 208,180,632 | 104,267,719 |
| Total liabilities and net assets | \$ 404,065,663 | \$ 336,306,031 | \$ 187,623,658 |

The accompanying notes to the financial statements are an integral part of this statement.

| Business-type Activities - Enterprise Funds | | Governmental Activities |
|--|-------------------------|----------------------------|
| Other Enterprise Funds | Totals | Internal Service Funds |
| \$ 403,376 | \$ 2,438,065 | \$ 876,092 |
| 55,755 | 385,571 | - |
| 225,900 | 225,900 | - |
| 968 | 1,793,054 | 1,094,200 |
| 2,401,312 | 2,976,312 | - |
| - | 270,507 | - |
| - | - | 5,051,000 |
| 269,248 | 1,156,272 | 263,294 |
| - | 283,592 | - |
| - | 3,457,759 | - |
| - | 12,843,601 | - |
| <u>3,356,559</u> | <u>25,830,633</u> | <u>7,284,586</u> |
| 12,105,844 | 15,845,844 | - |
| - | 317,639,248 | - |
| - | (914,291) | - |
| - | 5,514,633 | - |
| - | 277,803 | - |
| - | - | 12,211,000 |
| <u>33,289</u> | <u>157,634</u> | <u>38,051</u> |
| <u>12,139,133</u> | <u>338,520,871</u> | <u>12,249,051</u> |
| <u>15,495,692</u> | <u>364,351,504</u> | <u>19,533,637</u> |
| - | - | 10,431,283 |
| 91,553,814 | 574,685,044 | - |
| 4,754 | 6,770,988 | - |
| - | 2,978,169 | - |
| - | 65,389,333 | - |
| <u>4,947,853</u> | <u>25,822,427</u> | <u>27,418,516</u> |
| <u>96,506,421</u> | <u>675,645,961</u> | <u>37,849,799</u> |
| <u>\$ 112,002,113</u> | <u>\$ 1,039,997,465</u> | <u>\$ 57,383,436</u> |

Total net assets

\$ 675,645,961

Some amounts reported for business-type activities
in the statement of net assets are different because
certain internal service fund assets and liabilities are
included with business-type activities

353,243

Net assets of business-type activities

\$ 675,999,204

CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the year ended December 31, 2003

| | Business-type Activities - Enterprise Funds | | |
|--|--|-----------------------|-----------------------|
| | Water Utility | Sewer Utility | Airport Authority |
| OPERATING REVENUES | | | |
| Charges for services and sales | \$ 31,977,977 | \$ 25,714,023 | \$ 3,393,963 |
| Fees | - | - | 1,814,756 |
| Rentals | 2,340 | - | 9,944,675 |
| Employer contributions | - | - | - |
| Employee contributions | - | - | - |
| Other | 22,472 | 19,573 | 22,411 |
| Total operating revenues | <u>32,002,789</u> | <u>25,733,596</u> | <u>15,175,805</u> |
| OPERATING EXPENSES | | | |
| Personal services | 7,288,557 | 8,248,033 | 5,388,124 |
| Contractual services | 5,021,347 | 4,265,874 | 3,120,114 |
| Materials and supplies | 2,568,441 | 1,995,052 | 3,046,962 |
| Cost of materials used | - | - | - |
| Administrative charges | 787,760 | 187,540 | 281,780 |
| Payments in lieu of franchise fees | 1,960,050 | 1,555,450 | - |
| Depreciation | 7,715,154 | 5,877,257 | 7,425,550 |
| Employee benefits | - | - | - |
| Insurance claims | - | - | - |
| Total operating expenses | <u>25,341,309</u> | <u>22,129,206</u> | <u>19,262,530</u> |
| Operating income (loss) | <u>6,661,480</u> | <u>3,604,390</u> | <u>(4,086,725)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Operating grants | - | - | - |
| Interest on investments | 550,601 | 360,290 | 5,284,826 |
| Other revenues (expenses) | (182,168) | (196) | (14,831) |
| Interest expense | (4,122,996) | (2,648,895) | (5,391,635) |
| Proceeds from sale of assets | 9,558 | (1,327,202) | (7,135) |
| Bond premium (discount) amortization | (16,834) | 41,782 | (5,508) |
| Total nonoperating revenues (expenses) | <u>(3,761,839)</u> | <u>(3,574,221)</u> | <u>(134,283)</u> |
| Income (loss) before contributions and transfers | 2,899,641 | 30,169 | (4,221,008) |
| Capital contributions and operating transfers: | | | |
| Capital contributions | 7,869,011 | 6,918,520 | 6,748,340 |
| Transfers from other funds | 195,652 | - | - |
| Transfers to other funds | <u>(1,056,938)</u> | <u>(513,856)</u> | <u>(577,600)</u> |
| Increase (decrease) in net assets | 9,907,366 | 6,434,833 | 1,949,732 |
| Total net assets - beginning, as previously reported | 256,783,823 | 206,891,218 | 102,317,987 |
| Prior period adjustment | <u>-</u> | <u>(5,145,419)</u> | <u>-</u> |
| Total net assets - beginning, as restated | <u>256,783,823</u> | <u>201,745,799</u> | <u>102,317,987</u> |
| Total net assets - ending | <u>\$ 266,691,189</u> | <u>\$ 208,180,632</u> | <u>\$ 104,267,719</u> |

The accompanying notes to the financial statements are an integral part of this statement.

| Business-type Activities - Enterprise Funds | | Governmental Activities |
|--|-----------------------|----------------------------|
| Other Enterprise Funds | Totals | Internal Service Funds |
| \$ 7,079,172 | \$ 68,165,135 | \$ 7,988,464 |
| 2,850,133 | 4,664,889 | - |
| 494,217 | 10,441,232 | 7,652,781 |
| - | - | 20,529,764 |
| - | - | 5,072,706 |
| 28,703 | 93,159 | 436,626 |
| <u>10,452,225</u> | <u>83,364,415</u> | <u>41,680,341</u> |
| 7,782,222 | 28,706,936 | 5,798,297 |
| 3,518,103 | 15,925,438 | 3,151,755 |
| 1,504,881 | 9,115,336 | 2,709,855 |
| - | - | 2,175,227 |
| 376,700 | 1,633,780 | 234,270 |
| 159,020 | 3,674,520 | - |
| 3,981,510 | 24,999,471 | 2,982,889 |
| - | - | 19,504,044 |
| - | - | 5,968,039 |
| <u>17,322,436</u> | <u>84,055,481</u> | <u>42,524,376</u> |
| <u>(6,870,211)</u> | <u>(691,066)</u> | <u>(844,035)</u> |
| 2,547,646 | 2,547,646 | - |
| 62,652 | 6,258,369 | 455,649 |
| (20,000) | (217,195) | - |
| (713,562) | (12,877,088) | - |
| (77,914) | (1,402,693) | 73,030 |
| - | 19,440 | - |
| <u>1,798,822</u> | <u>(5,671,521)</u> | <u>528,679</u> |
| (5,071,389) | (6,362,587) | (315,356) |
| 7,294,567 | 28,830,438 | 490,051 |
| 3,818,080 | 4,013,732 | 662,108 |
| <u>(181,606)</u> | <u>(2,330,000)</u> | <u>(2,546,763)</u> |
| 5,859,652 | 24,151,583 | (1,709,960) |
| 90,646,769 | 656,639,797 | 39,559,759 |
| - | (5,145,419) | - |
| <u>90,646,769</u> | <u>651,494,378</u> | <u>39,559,759</u> |
| <u>\$ 96,506,421</u> | <u>\$ 675,645,961</u> | <u>\$ 37,849,799</u> |

Increase in net assets per fund statements \$ 24,151,583

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities (36,944)

Change in net assets of business-type activities \$ 24,114,639

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2003

| | Business-type Activities - Enterprise Funds | | |
|--|--|----------------------|----------------------|
| | Water Utility | Sewer Utility | Airport Authority |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 33,087,771 | \$ 24,779,686 | \$ 16,049,308 |
| Cash payments to suppliers for goods and services | (8,721,737) | (6,660,582) | (6,208,898) |
| Cash payments to employees for services | (7,291,688) | (8,227,081) | (5,390,626) |
| Payment in lieu of franchise fees | (1,960,050) | (1,555,450) | - |
| Other operating revenues | 22,472 | 19,573 | 22,411 |
| Net cash provided by (used in) operating activities | <u>15,136,768</u> | <u>8,356,146</u> | <u>4,472,195</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Operating grant received | - | - | - |
| Transfers from other funds | - | - | - |
| Transfers to other funds | (1,056,938) | (445,760) | (577,600) |
| Interfund loan | - | - | - |
| Net cash provided by (used in) noncapital financing activities | <u>(1,056,938)</u> | <u>(445,760)</u> | <u>(577,600)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Payment of temporary notes | (10,000,000) | (40,000,000) | - |
| Proceeds from capital debt | 48,115,000 | 72,250,000 | - |
| Premium on bonds sold | 2,191,543 | 3,275,875 | - |
| Accrued Interest on bonds sold | 123,644 | 185,666 | - |
| Bond issuance costs paid | (903,258) | (1,356,472) | - |
| Additions to property, plant and equipment | (25,122,380) | (15,349,795) | (11,746,132) |
| Debt service - principal | (5,386,104) | (3,836,292) | (550,000) |
| Debt service - interest | (5,790,913) | (5,169,357) | (262,376) |
| Proceeds from sale of assets | 9,558 | (1,327,202) | (7,135) |
| Capital contributions | 4,131,494 | 2,091,560 | 5,564,679 |
| Net cash provided by (used in) capital and related financing activities | <u>7,368,584</u> | <u>10,763,983</u> | <u>(7,000,964)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale and maturity of investment securities | - | - | - |
| Proceeds from sale of assets | - | - | - |
| Interest on investments | 550,601 | 360,290 | 144,534 |
| Net cash provided by investing activities | <u>550,601</u> | <u>360,290</u> | <u>144,534</u> |
| Net increase (decrease) in cash and temporary investments | 21,999,015 | 19,034,659 | (2,961,835) |
| Cash and temporary investments - January 1 | <u>29,027,466</u> | <u>15,876,018</u> | <u>14,986,856</u> |
| Cash and temporary investments - December 31 | <u>\$ 51,026,481</u> | <u>\$ 34,910,677</u> | <u>\$ 12,025,021</u> |

The accompanying notes to the financial statements are an integral part of this statement.

| Business-type Activities - Enterprise Funds | | Governmental Activities |
|--|----------------|----------------------------|
| Other Enterprise Funds | Totals | Internal Service Funds |
| \$ 10,279,406 | \$ 84,196,171 | \$ 37,506,893 |
| (5,318,553) | (26,909,770) | (31,537,222) |
| (7,797,307) | (28,706,702) | (5,753,199) |
| (159,020) | (3,674,520) | - |
| 28,703 | 93,159 | 436,626 |
| (2,966,771) | 24,998,338 | 653,098 |
| <hr/> | | |
| 2,674,226 | 2,674,226 | - |
| 3,818,080 | 3,818,080 | 662,108 |
| (54,050) | (2,134,348) | (2,546,763) |
| - | - | - |
| 6,438,256 | 4,357,958 | (1,884,655) |
| <hr/> | | |
| (2,983,800) | (52,983,800) | - |
| 2,821,660 | 123,186,660 | - |
| - | 5,467,418 | - |
| - | 309,310 | - |
| - | (2,259,730) | - |
| (3,314,703) | (55,533,010) | (2,130,041) |
| (2,138,992) | (11,911,388) | - |
| (714,824) | (11,937,470) | - |
| (77,914) | (1,402,693) | - |
| 2,034,822 | 13,822,555 | - |
| (4,373,751) | 6,757,852 | (2,130,041) |
| <hr/> | | |
| - | - | 65,000 |
| - | - | 73,030 |
| 62,652 | 1,118,077 | 460,170 |
| 62,652 | 1,118,077 | 598,200 |
| <hr/> | | |
| (839,614) | 37,232,225 | (2,763,398) |
| 5,202,431 | 65,092,771 | 44,715,336 |
| <hr/> | | |
| \$ 4,362,817 | \$ 102,324,996 | \$ 41,951,938 |
| <hr/> | | |

(Continued)

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended December 31, 2003

| | Business-type Activities - Enterprise Funds | | |
|---|--|------------------|----------------------|
| | Water Utility | Sewer Utility | Airport Authority |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 6,661,480 | \$ 3,604,390 | \$ (4,086,725) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 7,715,154 | 5,877,257 | 7,425,550 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | 1,046,975 | (934,337) | 915,919 |
| (Increase) decrease in inventory | (180,758) | - | - |
| (Increase) decrease in prepaid items | (1,508) | - | (12,383) |
| (Decrease) increase in accounts payable/accrued expenses | (161,923) | (212,116) | 252,341 |
| (Decrease) increase in deposits | 60,479 | - | (20,005) |
| Increase in claims payable | - | - | - |
| (Decrease) increase in compensated absences | (3,131) | 20,952 | (2,502) |
| Total adjustments | 8,475,288 | 4,751,756 | 8,558,920 |
| Net cash provided by (used in) operating activities | \$ 15,136,768 | \$ 8,356,146 | \$ 4,472,195 |

Supplemental Schedule of Non-Cash Investing and Financing Activities

| | | | |
|--|--------------|--------------|-------------|
| Assets contributed by benefit districts | \$ 3,616,644 | \$ 4,821,485 | \$ - |
| Change in assets contributed by other government | - | - | - |
| Capital grants received | - | - | - |
| Capital contributed by local government | - | - | - |
| Decrease in net investment in direct financing leases | - | - | 545,661 |
| (Decrease) in revenue bonds payable | - | - | (545,661) |
| Decrease in interest receivable on direct financing leases | - | - | 52,092 |
| (Decrease) in accrued interest payable on revenue bonds | - | - | (52,092) |
| Interest income on investment in direct financing leases | - | - | 5,140,292 |
| Interest expense on revenue bonds payable | - | - | (5,140,292) |
| Contribution of capital assets | 120,873 | 5,475 | - |
| Transfer of assets between proprietary funds | 195,652 | (68,096) | - |

The accompanying notes to the financial statements are an integral part of this statement.

| Business-type Activities - Enterprise Funds | | Governmental Activities |
|--|----------------------|----------------------------|
| Other Enterprise Funds | Totals | Internal Service Funds |
| <u>\$ (6,870,211)</u> | <u>\$ (691,066)</u> | <u>\$ (844,035)</u> |
| 3,981,510 | 24,999,471 | 2,982,889 |
| (144,542) | 884,015 | (3,736,822) |
| 33,788 | (146,970) | 112,476 |
| - | (13,891) | 1,986 |
| 47,343 | (74,355) | 270,593 |
| 426 | 40,900 | - |
| - | - | 1,825,000 |
| (15,085) | 234 | 41,011 |
| <u>3,903,440</u> | <u>25,689,404</u> | <u>1,497,133</u> |
| <u>\$ (2,966,771)</u> | <u>\$ 24,998,338</u> | <u>\$ 653,098</u> |

| | | |
|--------------|---------------|---------|
| \$ 4,724,076 | \$ 13,162,205 | \$ - |
| - | - | - |
| - | - | - |
| - | - | 490,051 |
| - | 545,661 | - |
| - | (545,661) | - |
| - | 52,092 | - |
| - | (52,092) | - |
| - | 5,140,292 | - |
| - | (5,140,292) | - |
| 486,779 | 613,127 | - |
| (127,556) | - | - |

CITY OF WICHITA, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2003

| | Pension Trust Funds | Agency Funds |
|---|------------------------|------------------|
| ASSETS | | |
| Cash and temporary investments | \$ 15,818,927 | \$ 6,124,370 |
| Receivables: | | |
| Investment sales pending | 1,366,652 | - |
| Interest and dividends | 1,783,275 | 3,541 |
| Accounts | - | 1,213,826 |
| Other | 481,785 | - |
| Total receivables | <u>3,631,712</u> | <u>1,217,367</u> |
| Investments, at fair value: | | |
| Government securities: long term | 24,237,380 | 400,820 |
| Corporate debt instruments: long term | 65,662,034 | - |
| Corporate stocks | 353,201,811 | - |
| Mortgage-backed securities | 36,666,427 | - |
| Value of interest in pooled funds | 289,803,805 | - |
| Total investments | <u>769,571,457</u> | <u>400,820</u> |
| Total assets | <u>789,022,096</u> | <u>7,742,557</u> |
| LIABILITIES | | |
| Accounts payable and accrued expenses | 3,932,281 | 1,533,045 |
| Compensated absences | 28,195 | |
| Investment purchases pending | 2,340,467 | - |
| Deposits | - | 6,209,512 |
| Total liabilities | <u>6,300,943</u> | <u>7,742,557</u> |
| NET ASSETS | | |
| Held in trust for: | | |
| Employees' pension benefits | 782,721,153 | - |
| Individuals, organizations, and other governments | - | - |
| Total net assets | <u>\$ 782,721,153</u> | <u>\$ -</u> |

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the year ended December 31, 2003

| | 2003 Pension Trust Funds |
|--|--------------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 8,265,984 |
| Employee | 6,908,919 |
| Total contributions | <u>15,174,903</u> |
| Investment income: | |
| <i>From investment activities</i> | |
| Net appreciation (depreciation) in fair value of investments | 135,784,440 |
| Interest and dividends | 11,481,262 |
| Commission recapture | 114,056 |
| Total investment earnings | <u>147,379,758</u> |
| Less investment expense | <u>3,266,382</u> |
| Net income (loss) from investing activities | 144,113,376 |
| <i>From securities lending activities</i> | |
| Securities lending income | <u>932,443</u> |
| Securities lending activities expenses: | |
| Borrower rebates | 668,348 |
| Management fees | 78,726 |
| Total securities lending activities expenses | <u>747,074</u> |
| Net income from securities lending activities | <u>185,369</u> |
| Total net investment income (loss) | <u>144,298,745</u> |
| Transfers from other funds | <u>1,138,869</u> |
| Total additions | <u>160,612,517</u> |
| DEDUCTIONS | |
| Pension benefits | 34,289,067 |
| DROP and Back DROP payments | 1,863,183 |
| Pension administration | 500,374 |
| Employee contributions refunded | 853,838 |
| Transfers to other funds | 1,138,869 |
| Other deductions | 62,260 |
| Total deductions | <u>38,707,591</u> |
| Change in net assets | 121,904,926 |
| Net assets - beginning | <u>660,816,227</u> |
| Net assets - ending | <u><u>\$ 782,721,153</u></u> |

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

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CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from the blended component unit is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Blended Component Unit - The Wichita Airport Authority (WAA) serves all citizens of the government and is governed by a board comprised of the government's elected council. Bond issuance authorizations are approved by the governing body of the primary government and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Wichita Airport Authority is reported as an enterprise fund.

Discretely Presented Component Unit - The Wichita Public Building Commission (WPBC) acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees. The nine-member board is appointed by the Mayor and City Council. Of the nine members, one member is recommended for appointment by the County Commissioners of Sedgwick County, Kansas, and one by the President of Wichita State University. The Kansas Secretary of Administration and the Superintendent of Unified School District Number 259 serve as provisional members of the board of the WPBC. Members of the WPBC Board may only be removed for just cause. The City of Wichita provides staff support and legal representation by the Department of Law. Additionally, the City of Wichita is liable on a contingent basis and will make rental payments, if necessary, to supplement rental payments in connection with the City/County "wrap-around" obligation for the State Office Building. (Refer to Note 20.E. - Public Building Commission Lease, for further disclosure.) The WPBC is presented as a proprietary fund type.

Separate audited financial statements are not prepared by the Wichita Airport Authority or the Wichita Public Building Commission.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets on page A-5 and the statement of changes in net assets on page A-7) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported discretely from the legally separate *component unit* for which the primary government is financially accountable.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and [2] grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as deferred revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

The General Fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

The Federal/State Assistance Fund accounts for assistance received from Federal and State grant sources providing benefits to the community. The City maintains a separate fund for each

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Federal or State grant program. Because of the large number of such funds, the funds that are similar in nature or are funded by the same grantor agency have been consolidated.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Street Improvement Fund accounts for capital improvements related to streets, arterials and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, Federal grants and other City funds.

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the water component of the combined utility, providing an adequate, quality supply of water and means of wastewater disposal.

The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and more than 1,200 miles of sewer laterals and mains.

The Wichita Airport Authority Fund accounts for the provision of air transportation services for the public, business and industry, while maintaining the safe operation of assets.

The government also reports the following fund types:

A permanent fund is used to report resources that are restricted for the maintenance and perpetual care of municipal cemeteries.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis and to account for the City's self-insurance activities.

Pension trust funds account for the activities of the Wichita Employees' Retirement System, Wichita Police and Fire Retirement System and the Wichita Employees' Retirement System – Plan 3, all of which accumulate resources for pension benefits for qualified employees.

Agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financials statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's Enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include [1] charges to customers or applicants for goods, services, or privileges provided, [2] operating grants and contributions, and [3] capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds and those of the Wichita Public Building Commission). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, repurchase agreements, and U.S. government securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

E. Investments

Investments of all funds (except the pension trust funds) and the component unit are recorded at amortized cost, which approximates fair value. For the pension trust funds, investments are reported at fair value. Investments traded on national or international exchanges are valued at the last trade price of the day. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments.

Investments that do not have an established market are reported at their estimated fair value. The pension trust funds invest in Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies (continued)

F. Property Taxes and Other Receivables

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before June 20 of the ensuing year (May 10 for 2004 through 2008). State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and State grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

G. Revenue Recognition for Proprietary Funds

The proprietary funds follow the policy of recognizing revenue on sales when services are rendered. The Water, Sewer, and Storm Water Utilities recognize revenues for unbilled services. All users, including other City departments, are charged for services provided by the respective proprietary fund. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

H. Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the debt service fund or a liability in a City of Wichita revocable escrow account for prepaid special assessments. The escrow is revocable and, therefore, not technically public funds.

The prepayment amount is discounted for the estimated interest earnings realized from investing the prepayment amount. The amount of interest plus prepayment equals the amount of debt service paid on outstanding bonds. State statutes allow levying additional ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable, if necessary. Special

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies (continued)

H. Special Assessments (continued)

assessments receivable are accounted for within the debt service fund. Special assessments are levied over a ten to fifteen year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as deferred revenue.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary fund are recorded as expenditures during the year of purchase. Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for the Water Utility, Transit Fund, and Fleet/Building Fund, which are valued using an average unit cost method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost ranging from \$1,500 to \$250,000, depending on the type of asset. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated fixed assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Property, plant, and equipment of the primary government and its component unit, is depreciated using the straight line method over the following estimated useful lives:

| Assets Classification | Year |
|-----------------------------------|-------|
| Buildings and improvements | 1-42 |
| Improvements other than buildings | 1-50 |
| Equipment | 1-33 |
| Vehicles | 1-20 |
| Public domain infrastructure | 15-60 |
| Water/Sewer mains and drainage | 75-85 |
| Airfields | 5-40 |

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies (continued)

K. Payments in Lieu of Franchise Fees

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City, in lieu of franchise fees, an amount not to exceed five percent of gross revenues for the preceding year, which is determined by the City and included in the annual budget.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and retirements.

M. Statement of Cash Flows

The reporting entity defines cash and cash equivalents used in the statement of cash flows as all cash and temporary investments (both restricted and unrestricted).

N. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

O. Pending Governmental Accounting Standards Board Statements

GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", was issued in May 2002. This Statement provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government and to clarify reporting requirements for those organizations. The provisions of this Statement are effective for financial statements for the City's fiscal year 2004.

The Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures", was issued in March 2003. The statement establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. Statement No. 40 also establishes and modifies disclosure requirements for deposit risks: custodial credit risk and foreign currency risks. The Statement will apply to the financial statements of the City for fiscal year 2005.

GASB Statement No. 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", was issued in November 2003 and it will apply to financial statements of the City for fiscal year 2005. Statement No. 42 establishes guidance for accounting and reporting for the impairment of capital assets and for insurance recoveries.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

2. Budgetary Control

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Federal and State assistance funds, all capital projects funds (including capital projects of proprietary funds), the Wichita Airport Authority, Golf Course System, Transit, Self-Insurance, and all trust and agency funds. The component unit (Wichita Public Building Commission) is also exempt from legally adopted budgets. Controls over spending in funds and the component unit that are not subject to legal budgets are maintained by the use of internal spending limits established by management. K.S.A. 79-2926 et seq provides the following sequence and timetable for adoption of budgets:

- [1] Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- [2] Publication of proposed budget on or before August 5 of each year. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 15 of each year.
- [3] Adoption of final budget on or before August 25 of each year.

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year must be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of ten percent of the total. The budget for each fund may include a non-appropriated balance not to exceed five percent of the total of each fund. The City of Wichita appropriates amounts for fund balance reserves in the various governmental funds on a budgetary basis; appropriated fund balance reserves are not intended to finance routine expenditures.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another within the same fund. All annual appropriations lapse at the end of the year, except for outstanding encumbrances, which are reappropriated in the following fiscal year.

Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time.

3. Budgetary Basis of Accounting

Budgets are prepared on a basis (budgetary basis) different from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, except for special assessments of the debt service fund that are recognized on the cash basis. The major difference between GAAP and budgetary basis is the reporting of encumbrances (purchase orders, contracts, and other commitments) as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (budgetary). Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the general fund are provided as follows:

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

3. Budgetary Basis of Accounting (continued)

| | Net Change in Fund Balance from Prior Year | Fund Balances at End of Year |
|--|--|---------------------------------|
| General Fund - GAAP Basis | \$ 67,717 | \$ 23,452,008 |
| Increase (decrease) affecting basis: | | |
| Revenue due to cancellation of prior year encumbrances | 116,433 | 116,433 |
| Expenditures due to prior year encumbrances | 2,258,605 | - |
| Expenditures due to current year encumbrances | (2,799,373) | (2,799,373) |
| Budgetary Basis | <u>\$ (356,618)</u> | <u>\$ 20,769,068</u> |

4. Fund Balance Deficits

At December 31, 2003, fund balance deficits were as follows:

| Primary Government | Fund Balance Deficits |
|---------------------------------|--------------------------|
| Street Improvement fund | \$ 2,120,310 |
| Nonmajor governmental funds: | |
| Water Main Extension | 3,658,494 |
| Park Bond Construction | 3,648,788 |
| Public Improvement Construction | 4,453,498 |
| Sewer Construction | 16,124,964 |
| Total Reporting Entity | <u>\$ 30,006,054</u> |

The Street Improvement and nonmajor governmental fund balance balance deficits will be financed through the sale of bonds authorized by the City Council but not yet sold at December 31, 2003.

5. Cash, Investments, and Securities Lending

A. Cash

Generally accepted accounting principles require the reporting entity to categorize their cash deposits at year-end according to three credit risk categories. Category 1 includes cash deposits that are insured under a federal depository insurance fund or are collateralized with securities held by the City or the City's agent in the City's name. Category 2 includes cash deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes cash deposits that are uncollateralized or collateralized with securities which are held by the pledging financial institution or its trust department or agent but not in the City's name. As of December 31, 2003, the reporting entity's cash deposits were categorized as follows:

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

5. Cash, Investments, and Securities Lending (continued)

A. Cash (continued)

| | Category 1 | Category 2 | Category 3 | Total |
|-------------------|--------------|------------|------------|----------------------|
| Bank Deposits | \$24,029,769 | \$ - | \$ - | \$ 24,029,769 |
| Reconciling Items | | | | (4,985,298) |
| Book Balance | | | | <u>\$ 19,044,471</u> |

Reconciling items primarily include outstanding checks and deposits that were in transit at year-end.

State law (K.S.A. 9-1402) requires that collateral be pledged equal to or greater than 100 percent of the market value of the reporting entity's deposits. As of December 31, 2003, the reporting entity had deposits in eight banks totaling \$24,029,769 with assets pledged to the reporting entity by the banks as collateral with a fair value of \$42,526,818.

B. Investments

State law (K.S.A. 12-1675-12-1677) allows monies, not otherwise regulated by statute, to be invested in:

1. Temporary notes of the City of Wichita;
2. Time deposits, open accounts or certificates of deposits with maturities of not more than four years;
3. Repurchase agreements with commercial banks, state or federally chartered savings and loan associations, which have offices located in Wichita;
4. United States treasury bills or notes with maturities not exceeding four years;
5. U.S. Government-Agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations or similar maturities;
6. The municipal investment pool fund operated by the State Treasurer;
7. A municipal investment pool established through the trust department of commercial banks, which have offices located in Wichita.

State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in the following, in addition to those stated above:

1. U.S. Government and agency obligations;
2. Time deposits with banks and trust companies in Sedgwick County;
3. FNMA, FHLB and FHLMC obligations;
4. Collateralized repurchase agreements;
5. Investment agreements with financial institutions including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poors;
6. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB and FHLMC;
7. Certain Kansas municipal bonds.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

5. Cash, Investments, and Securities Lending (continued)

B. Investments (continued)

City ordinance (34-671; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments comprised of:

1. U.S. Government securities;
2. Corporate bonds of A quality or better, as listed in Moody's or Standard & Poors;
3. Not more than 50 percent may be invested in equity mutual funds.

Cemetery Fund investments are authorized to be prudently invested at the discretion of the City's Director of Finance.

Deposits and investments for the Wichita Public Building Commission are invested by trustees and are held under trust indentures.

All of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. City ordinance (44-812; section 2.28.090) authorizes the Wichita Employees' Retirement System and City ordinance (Charter Ordinance 176) authorizes the Police and Fire Retirement System to invest in:

1. Common stock (not more than 70 percent);
2. Direct or indirect obligations of the U.S. Government;
3. Corporate bonds rated A or better;
4. Commercial paper of high quality;
5. Foreign securities (not more than 25 percent);
6. Real estate (pooled) (not more than 10 percent).

The pension funds follow an overall strategic allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and international fixed income. Additionally, the pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMO's) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by when the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows. The pension funds utilize a combination of asset backed securities which vary in their degree of volatility.

The City's investments are categorized to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

5. Cash, Investments and Securities Lending (continued)

B. Investments (continued)

investments for which the securities are held by the broker, dealer, or financial institution, or financial institution's trust department or safekeeping department, or agent but not in the City's name.

On December 31, 2003, approximately 62 percent of the investments owned by the pension funds were in category 1.

At year-end, investments of the primary government were as follows:

| | Category 1 | Category 2 | Category 3 | Carrying Amount | Fair Value |
|---|----------------------|---------------|---------------|------------------------|------------------------|
| Investments - categorized: | | | | | |
| U.S. government and agencies | \$ 301,622,419 | - | - | \$ 301,622,419 | \$ 302,232,187 |
| Stocks | 353,282,248 | - | - | 353,282,248 | 353,613,130 |
| Corporate bonds | 65,711,763 | - | - | 65,711,763 | 65,713,992 |
| Mortgage and asset backed securities | <u>36,666,427</u> | - | - | <u>36,666,427</u> | <u>36,666,427</u> |
| Subtotal | <u>\$757,282,857</u> | <u>\$ -</u> | <u>\$ -</u> | <u>757,282,857</u> | <u>758,225,736</u> |
| Investments - not categorized: | | | | | |
| Mutual/pooled funds | | | | <u>289,803,805</u> | <u>289,803,805</u> |
| Total investments | | | | <u>\$1,047,086,662</u> | <u>\$1,048,029,541</u> |

At year-end, investments of the Wichita Public Building Commission were as follows:

| | Carrying Amount | Fair Value |
|------------------------------|---------------------|---------------------|
| Investments-not categorized: | | |
| Mutual/pooled funds | <u>\$ 1,918,271</u> | <u>\$ 1,918,271</u> |

C. Securities Lending Transactions

Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The custodian of the City's pension plans is an agent in lending the plans' domestic securities for collateral of 102 percent and international securities for collateral of 105 percent. Collateral may consist of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by a bank (including an affiliate of the agent), other than the securities borrower or affiliate, which is either insured by the Federal Deposit Insurance Corporation or a foreign bank that has complied with applicable requirements of the Federal Reserve Board. The collateral securities cannot be pledged or sold by the City unless the borrower defaults. The agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds the required value of the loaned securities. Contracts with the lending agent require them

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

5. Cash, Investments and Securities Lending (continued)

C. Securities Lending Transactions (continued)

to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand either by the Systems or the borrower.

At year-end, the pension systems did not have any securities on loan.

6. Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2003 was as follows (expressed in thousands of dollars):

| | Balance January 1 | Additions | Deletions | Balance December 31 |
|--|----------------------|-------------------|--------------------|------------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 182,055 | \$ 79,331 | \$ (50,313) | \$ 211,073 |
| Construction in progress | 181,520 | 67,304 | (44,584) | 204,240 |
| Total capital assets, not being depreciated | <u>363,575</u> | <u>146,635</u> | <u>(94,897)</u> | <u>415,313</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 170,144 | 1,880 | (858) | 171,166 |
| Improvements other than buildings | 22,625 | 9,973 | (501) | 32,097 |
| Machinery, equipment and other assets | 60,854 | 12,899 | (2,618) | 71,135 |
| Infrastructure | 315,014 | 26,644 | (1,761) | 339,897 |
| Total capital assets being depreciated | <u>568,637</u> | <u>51,396</u> | <u>(5,738)</u> | <u>614,295</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (64,958) | (4,517) | 222 | (69,253) |
| Improvements other than buildings | (10,654) | (803) | - | (11,457) |
| Machinery, equipment and other assets | (44,455) | (4,675) | 2,119 | (47,011) |
| Infrastructure | (88,591) | (8,031) | 18 | (96,604) |
| Total accumulated depreciation | <u>(208,658)</u> | <u>(18,026)</u> | <u>2,359</u> | <u>(224,325)</u> |
| Total capital assets, being depreciated, net | <u>359,979</u> | <u>33,370</u> | <u>(3,379)</u> | <u>389,970</u> |
| Governmental activities capital assets, net | <u>\$ 723,554</u> | <u>\$ 180,005</u> | <u>\$ (98,276)</u> | <u>\$ 805,283</u> |

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

6. Capital Assets (continued)

| | Balance January 1 | Additions | Deletions | Balance December 31 |
|--|----------------------|-------------------|--------------------|------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 22,956 | \$ 4,093 | \$ (105) | \$ 26,944 |
| Construction in progress | 118,689 | 62,033 | (52,183) | 128,539 |
| Total capital assets, not being depreciated | <u>141,645</u> | <u>66,126</u> | <u>(52,288)</u> | <u>155,483</u> |
| Capital assets, being depreciated: | | | | |
| Airfields | 107,664 | - | - | 107,664 |
| Buildings | 182,020 | 1,394 | (717) | 182,697 |
| Improvements other than buildings | 581,435 | 50,008 | (4,014) | 627,429 |
| Machinery, equipment and other assets | 84,265 | 7,664 | (4,736) | 87,193 |
| Total capital assets being depreciated | <u>955,384</u> | <u>59,066</u> | <u>(9,467)</u> | <u>1,004,983</u> |
| Less accumulated depreciation for: | | | | |
| Airfields | (59,395) | (4,799) | - | (64,194) |
| Buildings | (72,749) | (4,405) | 707 | (76,447) |
| Improvements other than buildings | (121,566) | (9,798) | 147 | (131,217) |
| Machinery, equipment and other assets | (43,011) | (5,997) | 4,075 | (44,933) |
| Total accumulated depreciation | <u>(296,721)</u> | <u>(24,999)</u> | <u>4,929</u> | <u>(316,791)</u> |
| Total capital assets, being depreciated, net | <u>658,663</u> | <u>34,067</u> | <u>(4,538)</u> | <u>688,192</u> |
| Business-type activities capital assets, net | <u>\$ 800,308</u> | <u>\$ 100,193</u> | <u>\$ (56,826)</u> | <u>\$ 843,675</u> |

Depreciation expense was charged to function/programs of the primary government, as follows (in thousands of dollars):

| | |
|---|------------------|
| Governmental activities: | |
| General government | \$ 1,622 |
| Public safety | 1,548 |
| Highways and streets, including depreciation of general infrastructure assets | 7,942 |
| Sanitation | 110 |
| Health and welfare | 724 |
| Culture and recreation | 3,097 |
| Capital assets held by the government's internal services funds are | |
| charged to the various functions based on their usage of the assets | <u>2,983</u> |
| Total depreciation expense-governmental activities | <u>\$ 18,026</u> |
| Business-type activities: | |
| Water | 7,715 |
| Sewer | 5,877 |
| Airport Authority | 7,426 |
| Nonmajor enterprise funds | <u>3,981</u> |
| Total depreciation expense-business-type activities | <u>\$ 24,999</u> |

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

7. Retirement Funds

The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Wichita Police and Fire Retirement System (WPFRS). Each system is administered by a separate Board of Trustees. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3 that is also governed by the Wichita Employees' Retirement System Board of Trustees.

The Wichita Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for WERS and WPFRS. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Wichita Employees' Retirement System, Wichita Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds in the City's financial statements and use the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at their estimated fair value.

Management of Plan Assets

The Board of Trustees of all Systems have contractual arrangements with independent investment counselors for management of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City ordinances. The Board of Trustees of the pension systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment counselors.

Reserves and Concentrations

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) where the market value exceeded five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System

Plan Description

The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

Funding Policy

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the rate for 2003 was 4.7 percent of annual covered payroll for both Plans 1 and 2. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Annual Pension Cost and Net Pension Obligation

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2003, the City's annual pension cost of \$2,007,656 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2001 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.75 percent per year compounded annually (4.5 percent attributable to inflation and .25 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 3.8 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0 percent per year (non-compounded) after retirement for Plan 1 and 2.0 percent per year (non-compounded) for Plan 2.

The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the second year this smoothing method has been used.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System (continued)

The unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. At December 31, 2003, the amortization period was 20 years.

Three Year Trend Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| <u>Fiscal Year</u> <u>Ending</u> | <u>Annual Required</u> <u>Contribution</u> | <u>Percentage</u> <u>Contributed</u> | <u>Net Pension</u> <u>Obligation</u> |
|-------------------------------------|---|---|---|
| 12/31/01 | \$1,843,213 | 100 | \$0 |
| 12/31/02 | 1,957,922 | 100 | 0 |
| 12/31/03 | 2,007,656 | 100 | 0 |

B. Police and Fire Retirement System

Plan Description

The WPFERS is divided into three plans - Plan A, Plan B, and Plan C-79. The plans were established to provide retirement and survivor annuities, death benefits, and other benefits for Police and Fire Officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire department personnel are required to participate in the plans. Plans A and B were established by City ordinance on January 1, 1965 and Plan C-79 was established January 1, 1979 by City ordinance. Plan B was closed to new entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. Establishment of and amendments to the benefit provisions for the WPFERS are authorized by the City Council.

Funding Policy

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. WPFERS members are required to contribute six to eight percent of covered salaries. The City is required to contribute at an actuarially determined rate; the rate for 2003 was 10.9 percent of annual covered payroll. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the consulting actuary.

Annual Pension Cost and Net Pension Obligation

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2003, the City's annual pension cost of \$5,043,505 was equal to the required and actual contributions.

The employer's annual required contribution was determined as part of the December 31, 2001 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.75 percent per year

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

7. Retirement Funds (continued)

B. Police and Fire Retirement System (continued)

compounded annually (4.5 percent attributable to inflation and .25 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 3.0 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0 percent per year (non-compounded) commencing 36 months after retirement.

The actuarial accrued liability, as determined by the individual entry age normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the second year this smoothing method has been used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. At December 31, 2003, the amortization period was 20 years.

Three Year Trend Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Fiscal Year Ending | Annual Required Contribution | Percentage Contributed | Net Pension Obligation |
|-----------------------|---------------------------------|---------------------------|---------------------------|
| 12/31/01 | \$4,796,863 | 100 | \$0 |
| 12/31/02 | 4,746,504 | 100 | 0 |
| 12/31/03 | 5,043,505 | 100 | 0 |

C. Wichita Employees' Retirement System Plan 3

The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2003, current membership totaled 845.

Plan 3, established by City Ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7 percent of salary (base pay plus longevity) each pay period. The reporting entity's contributions and earnings for each employee are 25 percent vested after three years of service, 50 percent vested after five years and are fully vested after seven years of continuous service.

Upon completion of seven years of service, employees participating in this plan may, within 90 days thereafter, advise the Board of the employee's decision to convert to participation in the Wichita Employees' Retirement System Plan 2, a defined benefit plan. If an employee elects to convert to Plan 2, the employee's account on the date of election shall become part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 beyond seven years, may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

7. Retirement Funds (continued)

C. Wichita Employees' Retirement System Plan 3 (continued)

the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

For the year ending December 31, 2003, employee and employer contributions to Plan 3 totaled \$1,214,823 and \$1,214,823, respectively.

8. Self-Insurance Fund

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity. Beginning in 1996, the City chose a fully insured health plan, Premier Blue, to replace the self-insured plan previously offered. The contributions and premiums for this plan are also accounted for through this fund. For those funds paying insurance costs, the contributions are recorded as expenditures/expenses in the fund and revenues in the self-insurance fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. These claims are reflected under accounts payable and accrued liabilities in the internal service funds.

| Fund | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|-----------------------|--|---|-------------------|----------------------------------|
| Workers' Compensation | | | | |
| 2001 - 2002 | \$ 9,560,000 | \$5,354,500 | \$(3,959,500) | \$10,955,000 |
| 2002 - 2003 | 10,955,000 | 7,028,520 | (4,909,520) | 13,074,000 |
| General Liability | | | | |
| 2001 - 2002 | 4,316,000 | 1,630,461 | (1,464,461) | 4,482,000 |
| 2002 - 2003 | 4,482,000 | 764,519 | (1,058,519) | 4,188,000 |

A. Health Insurance

The employee health insurance program became fully insured beginning January 1, 1996. Prior to this date, the plan was primarily self-insured. Health insurance is offered to substantially all full-time employees of the reporting entity. The employee health insurance is provided through Preferred Health Systems and Preferred Plus of Kansas HMO, with a self-referral option and out of area benefits. A monthly premium is paid to the insurance company that is responsible for all medical and administrative costs. At December 31, 2003, the City had \$3,785,849 of net assets available for future health insurance premiums. These funds are being retained to stabilize future premium increases and provide a reserve, if the City should choose to self-insure this exposure again in the future. The City continues to self-insure the prescription drug portion of the health plan, utilizing National Medical Health Card as the plan administrator.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

8. Self-Insurance Fund (continued)

B. Workers' Compensation

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level. The City has reinsured for liabilities exceeding \$300,000 per occurrence through the Employer's Reinsurance Corporation. The City transferred this coverage to Midwest Employers Casualty effective 01/01/02 with a \$500,000 per occurrence deductible. The increased deductible was taken into account for 2002 and subsequent actuarial projections. The City maintains a reserve to meet State and actuarial requirements and to provide contingency funding. At December 31, 2003, the City recorded a liability of \$13,074,000 for estimated probable claims pending. Net assets at December 31, 2003 were \$1,681,203.

C. Life Insurance

The City maintains a cost plus life insurance program administered by Minnesota Mutual Life Insurance Company which provides life, accidental death and dismemberment, and conversion privileges to participants and life insurance to designated dependents. Benefit levels are based on employee compensation. The City offers additional voluntary accidental death and dismemberment insurance for both employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion option, or if the plan is terminated.

The Board of Trustees retained consulting actuaries in 1995 to perform a study of the City's group life insurance program, consisting of an analysis of the current financial status of the program with emphasis on the adequacy of the current reserve and premium levels. The group life insurance consulting actuaries stated that the fund balance was \$1.9 million in excess of that required to meet a 99.9 percent confidence level (the probability that actual annual claims will not exceed the amount of the reserve). The Board of Trustees believes this reserve level to be adequate. At December 31, 2003, net assets totaled \$3,088,622.

D. General Liability

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence.

The City is self-insured for tort liability claims against the reporting entity. The Kansas Tort Claims Act provides a liability limitation of \$500,000 per occurrence. Effective November 1, 1996, the City purchased an excess policy of insurance for federal and out of state actions because the limitations under the State's Tort Claims Act do not apply to federal and out of state actions. The policy provided coverage of \$10 million with a \$1 million self-insured retention. Due to dramatic cost increases and the fact that the City experienced no claims against the policy since inception, the federal and out of state actions liability policy was not renewed on November 1, 2002. The decision not to renew the policy

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

8. Self-Insurance Fund (continued)

D. General Liability (continued)

was considered by the actuary when making reserve calculations.

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. At December 31, 2003, the City recorded a \$4,188,000 liability for pending claims (maintaining a 90 percent confidence level) and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2003, net assets totaled \$10,783,905.

9. Long-Term Debt

A. General Obligation Bonds

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds outstanding (expressed in thousands of dollars) at December 31, 2003 are as follows:

| <u>Payable from</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------------------|-----------------------|------------------|
| Governmental activities: | | |
| Ad valorem property taxes | 2.00 - 6.50% | \$ 78,744 |
| Transient guest tax | 4.15 - 6.50% | 10,552 |
| Tax increment financing | 3.00 - 6.40% | 18,550 |
| Local sales tax | 3.25 - 5.00% | <u>92,690</u> |
| Subtotal - governmental activities | | <u>200,536</u> |
| Business-type activities: | | |
| Storm Water Utility | 2.5 - 4.60% | 7,477 |
| Golf Course System | 4.60 - 6.50% | 7,014 |
| Transit | 5.30% | 16 |
| Wichita Airport Authority | 4.70 - 8.80% | <u>4,315</u> |
| Subtotal - business-type activities | | <u>18,822</u> |
| Total general obligation bonds | | <u>\$219,358</u> |

Annual debt service requirements to maturity for general obligation bonds are as follows (expressed in thousands of dollars):

| <u>Year ending</u> <u>December 31</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--|--------------------------------|------------------|---------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2004 | \$ 22,661 | \$ 8,262 | \$ 2,976 | \$ 853 |
| 2005 | 21,757 | 7,792 | 3,075 | 708 |
| 2006 | 20,024 | 7,077 | 3,175 | 558 |
| 2007 | 17,742 | 6,337 | 1,351 | 446 |
| 2008 | 16,848 | 5,678 | 1,402 | 382 |
| 2009 - 2013 | 68,284 | 19,477 | 5,487 | 997 |
| 2014 - 2018 | <u>33,220</u> | <u>4,178</u> | <u>1,356</u> | <u>102</u> |
| Totals | <u>\$200,536</u> | <u>\$ 58,801</u> | <u>\$ 18,822</u> | <u>\$ 4,046</u> |

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

9. Long-Term Debt (continued)

A. General Obligation Bonds (continued)

The City of Wichita also issues special assessment bonds to provide funds for the construction of infrastructure in residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Annual debt service requirements to maturity for special assessment bonds are as follows (expressed in thousands of dollars):

| Year ending December 31 | Governmental Activities | |
|----------------------------|-------------------------|-----------------|
| | Principal | Interest |
| 2004 | \$ 14,905 | \$ 7,482 |
| 2005 | 15,240 | 6,373 |
| 2006 | 14,110 | 5,677 |
| 2007 | 14,250 | 5,047 |
| 2008 | 13,905 | 4,474 |
| 2009 - 2013 | 61,630 | 13,908 |
| 2014 - 2018 | <u>26,825</u> | <u>2,860</u> |
| Totals | <u>\$160,865</u> | <u>\$45,821</u> |

B. Revenue Bonds

Revenue bonds are also issued by the City of Wichita and the Wichita Public Building Commission, where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year end are as follows (expressed in thousands of dollars):

| | Interest Rates | Final Maturity Date | Amount Outstanding |
|---------------------------|-------------------|---------------------------|-----------------------|
| <u>Primary Government</u> | | | |
| Enterprise Funds: | | | |
| Water and Sewer: | | | |
| 1997-Water & Sewer | 4.50 - 7.875% | 2016 | \$ 50,130 |
| 1998-Water & Sewer | 4.00 - 4.70% | 2012 | 22,125 |
| 1999-Water & Sewer | 4.00 - 6.00% | 2018 | 40,785 |
| 2000A-Water | 4.69% | 2021 | 2,472 |
| 2000B-Water | 4.69% | 2021 | 4,256 |
| 2001-Water & Sewer | 3.00 - 5.00% | 2009 | 12,780 |
| 2003-Water & Sewer | 2.00 - 5.25% | 2028 | 120,365 |

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

9. Long-Term Debt (continued)

B. Revenue Bonds (continued)

| | Interest Rates | Final Maturity Date | Amount Outstanding |
|---|-------------------|------------------------|-----------------------|
| Wichita Airport Authority: | | | |
| Airborne Freight Corp, Series A, 1994 | 6.30 - 6.75% | 2009 | 615 |
| Wichita Airport Hotel Associates, L.P.-Series 1992 | 7.00% | 2005 | 3,160 |
| Learjet, Inc.-Series A, 1995 | 7.00% | 2005 | 618 |
| Federal Express-Series A&B, 1997 | 6.45% | 2013 | 1,025 |
| Learjet, Inc.-Series A, 1997 | 7.00% | 2007 | 3,869 |
| Ballard Aviation-Series 1998 | 5.40 - 6.25% | 2018 | 1,015 |
| Executive Aircraft Corp.-Series 1999 | 5.40 - 6.75% | 2014 | 2,605 |
| Cessna Aircraft Company-Series 2000 | 8.00% | 2009 | 11,203 |
| Yingling Aircraft-Series 2001 | 7.50% | 2021 | 1,300 |
| Cessna Aircraft Corp. - Series A, 2002 | 6.25% | 2032 | 49,300 |
| FlightSafety - Series A, 2003 | Variable* | 2031 | <u>2,860</u> |
| Total Primary Government | | | <u>\$330,483</u> |

Component Unit

Wichita Public Building Commission:

| | | | |
|---|--------------|------|---------------|
| Wichita State University, Series K, 1999 | 5.00% | 2007 | 1,700 |
| Wichita State University, Series L, 2001 | 3.00 - 5.00% | 2017 | 16,225 |
| Kansas Sports Hall of Fame Series M, 2003 | 2.25 - 4.4% | 2023 | 1,700 |
| Refunding St. Office Building Series N, 2003 | 2.00 - 4.00% | 2014 | <u>13,880</u> |

Total Component Unit -

| | |
|------------------------------------|-----------------|
| Wichita Public Building Commission | <u>\$33,505</u> |
|------------------------------------|-----------------|

*The FlightSafety - Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15 percent. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2003 of 1.35 percent.

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

| Year ending December 31 | Business-type Activities | | Component WPBC | |
|----------------------------|--------------------------|-------------------|-------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2004 | \$ 12,844 | \$ 17,000 | \$ 1,430 | \$ 1,332 |
| 2005 | 14,673 | 16,236 | 2,560 | 1,203 |
| 2006 | 12,742 | 15,593 | 2,760 | 1,126 |
| 2007 | 13,380 | 15,003 | 2,525 | 1,036 |
| 2008 | 12,104 | 14,388 | 2,425 | 949 |
| 2009 - 2013 | 80,396 | 59,246 | 13,475 | 3,372 |
| 2014 - 2018 | 66,825 | 41,123 | 7,775 | 819 |
| 2019 - 2023 | 43,419 | 27,512 | 555 | 76 |
| 2024 - 2028 | 21,940 | 18,822 | - | - |
| 2029 - 2032 | <u>52,160</u> | <u>10,894</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$330,483</u> | <u>\$ 235,817</u> | <u>\$ 33,505</u> | <u>\$ 9,913</u> |

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

9. Long-Term Debt (continued)

C. Contract Payable

The Water Utility maintains a contract payable to the U.S. Department of Interior for construction of Cheney Reservoir, which was issued for \$5,754,025 in January, 1961. The liability is payable in annual installments on October 1. The remaining balance on December 31, 2003 is \$548,310 calling for two principal installments, \$270,507 in 2004 and to \$277,803 in 2005 plus interest at 2.625 percent. Debt service requirements to maturity for the Water Utility contract payable are as follows (expressed in thousands of dollars):

| Year ending December 31 | Business-type Activities | |
|----------------------------|--------------------------|-------------|
| | Principal | Interest |
| 2004 | \$270 | \$15 |
| 2005 | <u>278</u> | <u>7</u> |
| Totals | <u>\$548</u> | <u>\$22</u> |

D. Section 108 Loan

In April 1999, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for funding of \$3,610,000 for the construction of a manufacturing, training, and employment center on 21st Street. The City entered into an operating lease with Cessna Aircraft Company for rental of the facility, with rental payments designed to cover principal and interest owed by the City on the loan. See footnote 12.A. – Operating Leases, for further disclosure. Interest rates for amounts outstanding under the loan range from 5.4 percent to 6.33 percent. Debt service requirements to maturity for the HUD Section 108 loan are as follows (expressed in thousands of dollars):

| Year ending December 31 | Governmental Activities | |
|----------------------------|-------------------------|---------------|
| | Principal | Interest |
| 2004 | \$ 205 | \$ 163 |
| 2005 | 220 | 152 |
| 2006 | 235 | 140 |
| 2007 | 250 | 126 |
| 2008 | 260 | 112 |
| 2009 - 2013 | <u>1,565</u> | <u>303</u> |
| Totals | <u>\$2,735</u> | <u>\$ 996</u> |

E. Other Long-Term Obligations

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure. Estimated postclosure costs for the required remaining 27.75 years totaled \$26,977,200, or \$972,151 annually. Additionally, closure costs totaling \$38,700 and \$34,300 have been reported for the construction and demolition landfill and the industrial monofill landfill for asbestos waste, respectively. These costs will be liquidated from prior years' landfill fees accumulated in the Landfill Postclosure Fund. See footnote 18. – Landfill Closure and Postclosure Care, for further disclosure.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

9. Long-Term Debt (continued)

F. Changes in Long-Term Debt

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the following totals for governmental activities. At year-end, compensated absences totaling \$301,345 are included in the amounts below. Also, for governmental activities, compensated absences are generally liquidated by the General Fund.

Long-term liability activity for the year ended December 31, 2003, is as follows (expressed in thousands of dollars):

| | Beginning | | | Ending | Due Within |
|---|------------------|------------------|-------------------|------------------|-----------------|
| <u>Governmental activities</u> | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>One year</u> |
| Bonds payable: | | | | | |
| General obligation bonds | \$160,419 | \$ 72,373 | \$(32,256) | \$200,536 | \$22,661 |
| Special assessment debt with government commitment | 148,540 | 42,190 | (29,865) | 160,865 | 14,905 |
| Unamortized premium | - | 4,045 | (73) | 3,972 | - |
| Total bonds payable | 308,959 | 118,608 | (62,194) | 365,373 | 37,566 |
| Bond anticipation notes | 14,771 | 22,969 | (14,771) | 22,969 | 22,969 |
| Section 108 loan | 2,930 | - | (195) | 2,735 | 205 |
| Accreted interest | 2,061 | 540 | (144) | 2,457 | - |
| Compensated absences | 7,138 | 7,203 | (7,001) | 7,340 | 6,460 |
| Landfill closure and postclosure care | 25,923 | 2,027 | (900) | 27,050 | 972 |
| Total long-term liabilities – Governmental activities | <u>\$361,782</u> | <u>\$151,347</u> | <u>\$(85,205)</u> | <u>\$427,924</u> | <u>\$68,172</u> |
| <u>Business-type activities</u> | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 18,689 | \$ 2,822 | \$(2,689) | \$ 18,822 | \$ 2,976 |
| Revenue bonds | 219,622 | 123,225 | (12,364) | 330,483 | 12,844 |
| Unamortized premium | 290 | 5,467 | (242) | 5,515 | - |
| Deferred amount on refunding | (1,023) | - | 109 | (914) | - |
| Total bonds payable | 237,578 | 131,514 | (15,186) | 353,906 | 15,820 |
| Contract payable | 812 | - | (264) | 548 | 270 |
| Compensated absences | 1,314 | 1,253 | (1,253) | 1,314 | 1,156 |
| Total long-term liabilities – Business-type activities | <u>\$239,704</u> | <u>\$132,767</u> | <u>\$(16,703)</u> | <u>\$355,768</u> | <u>\$17,246</u> |

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

9. Long-Term Debt (continued)

F. Changes in Long-Term Debt (continued)

| | Beginning | | | Ending | Due Within |
|--|-----------------|------------------|-------------------|-----------------|-----------------|
| <u>Component Unit – Wichita Public</u> | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>One year</u> |
| <u>Building Commission (WPBC)</u> | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds | \$37,470 | \$ 15,580 | \$(19,545) | \$33,505 | \$1,430 |
| Unamortized premium | <u>474</u> | <u>-</u> | <u>(32)</u> | <u>442</u> | <u>-</u> |
| Total long term liabilities - WPBC | <u>\$37,944</u> | <u>\$ 15,580</u> | <u>\$(19,577)</u> | <u>\$33,947</u> | <u>\$1,430</u> |

G. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective Enterprise Funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2003, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

H. Current Refunding of Long-Term Debt

On August 1, 2003, the City issued \$14,375,000 in general obligation bonds with a net interest cost of 2.57 percent to refund \$14,380,000 of outstanding Series 731, Series 741 & Series 744 general obligation sales tax bonds with an average net interest cost of 5.12 percent. As a result, the Series 731, 741 & 744 general obligation bonds are considered to be defeased and the liability for the bonds has been removed from the long-term debt of the City. The City completed the refunding to reduce the total debt service payments over the next 7 years by \$1,425,405.

On November 1, 2003, the City issued \$48,855,000 in general obligation bonds with a net interest cost of 3.86 percent to refund \$7,500,000 of outstanding Series 1996 general obligation sales tax bonds with a net interest cost of 4.44 percent and to reimburse current project expenditures in the amount of \$45,000,000. As a result, the Series 1996 general obligation sales tax bonds are considered to be defeased and the liability for the bonds has been removed from the long-term debt of the City. The City completed the refunding to reduce the total debt service payments over the next 3 years by \$255,486.

On July 30, 2003, the Wichita Public Building Commission, in conjunction with additional funds from the State of Kansas and the City of Wichita, the (WPBC) issued \$13,880,000 in revenue refunding bonds (Series N) with a net interest cost of 3.07 percent to refund \$15,320,000 of outstanding

Series H 1993 revenue bonds with a net interest cost of 5.48 percent. As a result of the current refunding, the refunded bonds are considered to be defeased and have been removed from the long-term debt of the WPBC. The WPBC completed the current refunding to reduce total debt service payments over the next 11 years by \$1,497,826.84.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

10. Prior-Year Defeasance of Debt

In prior years, the City and the Wichita Public Building Commission defeased certain general obligation, revenue, and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At December 31, 2003, bonds outstanding of \$500,000 related to governmental activities and \$10,576,000 from the Wichita Public Building Commission are considered defeased.

11. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. Temporary notes outstanding at December 31, 2003 are payable as follows:

| <u>Primary Government</u> | <u>Interest Rate</u> | <u>Amount Outstanding</u> | <u>Maturity Date</u> |
|---|--------------------------|-------------------------------|--------------------------|
| Capital Projects Funds: | | | |
| Street and Bridge Improvements - Series 208 | 2.0 % | \$36,945,300 | 02/19/04 |
| Sewer Improvements -Series 208 | 2.0 % | 9,579,450 | 02/19/04 |
| Water Improvements -Series 208 | 2.0 % | 2,559,350 | 02/19/04 |
| Public Improvements -Series 208 | 2.0 % | 23,974,000 | 02/19/04 |
| Park Improvements -Series 208 | 2.0 % | 26,000 | 02/19/04 |
| Enterprise Funds: | | | |
| Storm Water Utility Improvements - Series 208 | 2.0% | <u>225,900</u> | 02/19/04 |
| Total Reporting Entity | | <u>\$73,310,000</u> | |

During 2003, the City issued \$209,010,000, retired \$230,340,000 and reclassified \$22,968,952 of temporary notes for various capital improvement projects activities.

| <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|--------------------------|------------------|-------------------|-----------------------|
| \$94,640,000 | \$209,010,000 | \$230,340,000 | \$73,310,000 |

12. Leases

A. Rentals Under Operating Leases

The City and the Airport Authority lease facilities and land to various airlines, concessionaires, commercial entities and others. These leases are for varying periods, from one month to 40 years, and require the payment of minimum annual rentals. The following are future minimum rentals of non-cancelable operating leases:

CITY OF WICHITA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

12. Leases (continued)

A. Rentals Under Operating Leases (continued)

| Year ending December 31 | Minimum Rentals of Non- cancelable Operating Leases |
|------------------------------|--|
| 2004 | \$ 5,239,269 |
| 2005 | 2,920,195 |
| 2006 | 2,630,146 |
| 2007 | 2,322,470 |
| 2008 | 2,259,139 |
| 2009 - 2013 | 9,443,490 |
| 2014 - 2018 | 8,912,964 |
| 2019 - 2023 | 7,465,289 |
| 2024 - 2028 | 4,297,275 |
| 2029 - 2033 | 1,555,041 |
| 2034 - 2038 | 1,445,850 |
| 2039 - 2043 | 1,518,752 |
| 2044 - 2048 | 127,071 |
| Total minimum future rentals | <u>\$ 50,136,951</u> |

The above amounts do not include contingent rentals that may be received under certain leases; such contingent rentals totaled \$1,511,613 in 2003.

B. Direct Financing Leases

The Wichita Airport Authority (WAA) has authorized the construction of buildings on Authority-owned land by 21 tenants. These tenants lease the land from the WAA for periods ranging from two months to 40 years with renewal options ranging from five to 25 years. The WAA has assisted in the financing of certain of these buildings through the issuance of Airport Facility Revenue Bonds.

The Wichita Public Building Commission (WPBC) has assisted in the financing of buildings and facilities for The Wichita State University, the State of Kansas and Unified School District (USD) No. 259 through the issuance of revenue bonds and by entering into lease agreements with the Board of Trustees of the University, the State of Kansas, and USD No. 259. These bonds are payable from lease payments that are made directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature.

Additionally, lease payments for The Wichita State University are secured by a pledge of the surplus on an ad valorem tax levy in amounts sufficient to guarantee the rentals under the leases. Such surplus consists of the proceeds of one and one-half (1½) mill tax levy on all tangible property within the City of Wichita which is not needed to guarantee the rentals due under certain leases from the WPBC to the Board of Trustees of The Wichita State University.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

12. Leases (continued)

B. Direct Financing Leases (continued)

Pursuant to lease agreements for the financing of the Finney State Office Building, the City of Wichita and Sedgwick County are contingently liable and will make rental payments, as necessary, to supplement the rental payments to be paid by the State of Kansas so that the total shall be sufficient to pay the debt service on the revenue bonds.

The financing of these facilities by the WAA and the WPBC represent direct financing leases and accordingly, the net investments of such leases are recorded on the respective enterprise fund and component unit balance sheets as restricted assets. The following lists the components of the net investment in direct financing leases as of December 31, 2003:

| | WAA | WPBC | Total |
|---|----------------------|---------------------|----------------------|
| Total minimum lease payments to be received | \$176,896,393 | \$43,418,501 | \$220,314,894 |
| Less: unearned income | 99,326,541 | 9,913,501 | 109,240,042 |
| Net investment in direct financing leases | <u>\$ 77,569,852</u> | <u>\$33,505,000</u> | <u>\$111,074,852</u> |

The future minimum lease rentals to be received under direct financing leases are as follows:

| Year ending December 31 | Airport Authority | Wichita Public Building Commission | Total |
|------------------------------|-----------------------|---------------------------------------|-----------------------|
| 2004 | \$ 7,365,055 | \$ 2,762,195 | \$ 10,127,250 |
| 2005 | 8,455,974 | 3,763,196 | 12,219,170 |
| 2006 | 5,859,724 | 3,886,466 | 9,746,190 |
| 2007 | 5,859,439 | 3,560,824 | 9,420,263 |
| 2008 | 4,727,006 | 3,374,209 | 8,101,215 |
| 2009 - 2013 | 31,779,017 | 16,846,557 | 48,625,574 |
| 2014 - 2018 | 17,083,038 | 9,225,054 | 26,308,092 |
| 2019 - 2023 | 17,114,071 | - | 17,114,071 |
| 2024 - 2028 | 15,599,300 | - | 15,599,300 |
| 2029 - 2033 | 63,053,769 | - | 63,053,769 |
| Total minimum future rentals | <u>\$ 176,896,393</u> | <u>\$ 43,418,501</u> | <u>\$ 220,314,894</u> |

13. Conduit Debt Obligations

From time to time the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. These are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2003, there were 140 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$4,689,691,413.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

13. Conduit Debt Obligations (continued)

Special Facility Revenue Bonds have been issued by the Wichita Airport Authority to provide for the construction of buildings on Authority-owned land. These bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2003, 11 series of Special Facility Revenue Bonds were outstanding totaling \$77,569,852. See Note 12.B., Direct Financing Leases, for further disclosure.

To assist in the financing of buildings, facilities, and equipment for other governmental units, the Wichita Public Building Commission has issued four series of revenue bonds. These bonds are secured by the property financed and are payable from payments received based on underlying lease agreements. As of December 31, 2003, the aggregate principal amount payable was \$33,505,000. See Note 12.B., Direct Financing Leases, for further disclosure.

14. Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. During the year ended December 31, 2003 interfund transfers totaled \$49,320,988, that is, both transfer revenue and expenditures were each \$49,320,988. Additional information is provided in the table summary.

Non-routine transfers from the General Fund to nonmajor governmental funds consisted primarily of \$2.7 million transferred to the Economic Development Fund, \$300,000 of which is operating resources for the Economic Development function, and \$2.4 million for discount airline carrier agreements.

| Transfers To | Interfund Transfers (dollars in thousands) | | | | | | | | | |
|----------------------------|---|----------------------------|-----------------|-----------------------------|-----------------|---------------|---------------|---------------------------|------------------------|------------------|
| | Transfers From | | | | | | | | | |
| | General Fund | Federal & State Assistance | Debt Service | Nonmajor Governmental Funds | Water Fund | Sewer Fund | Airport Fund | Nonmajor Enterprise Funds | Internal Service Funds | Total |
| Major Funds: | | | | | | | | | | |
| General Fund | \$ - | \$ - | \$ - | \$ 1,666 | \$ 692 | \$ 408 | \$ 369 | \$ 54 | \$ - | \$ 3,189 |
| Federal & State Assistance | 185 | - | - | - | - | - | - | - | - | 185 |
| Street Improvement | 10 | - | 289 | 6,214 | - | - | - | - | - | 6,513 |
| Debt Service | - | 87 | - | 10,746 | - | - | - | - | - | 10,833 |
| Nonmajor Governmental | 4,997 | 9 | 1,814 | 14,359 | 150 | - | 209 | - | 2,387 | 23,925 |
| Water Fund | - | - | - | - | - | 68 | - | 128 | - | 196 |
| Nonmajor Enterprise | 3,818 | - | - | - | - | - | - | - | - | 3,818 |
| Internal Service | 250 | - | - | - | 215 | 38 | - | - | 159 | 662 |
| Total | <u>\$ 9,260</u> | <u>\$ 96</u> | <u>\$ 2,103</u> | <u>\$ 32,985</u> | <u>\$ 1,057</u> | <u>\$ 514</u> | <u>\$ 578</u> | <u>\$ 182</u> | <u>\$ 2,546</u> | <u>\$ 49,321</u> |

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

14. Interfund Transfers (continued)

The Debt Service Fund transfers to nonmajor governmental funds of \$1.8 million reflect transfers to capital projects funds to retire temporary notes. Transfers from the internal service funds to nonmajor governmental are for funding of information technology capital projects.

15. Interfund Receivables/Payables

Interfund receivables/payables result from product or services provided to other funds or loans between funds. Individual fund receivable/payable balances at December 31, 2003 are as follows:

| Fund | 2003 Interfund Receivables |
|-------------------------------------|-------------------------------|
| General Fund | \$ 50,000 |
| Federal and State Assistance Funds: | |
| Police Federal Grants Subfund | 1,048,926 |
| Debt Service Fund | 657,000 |
| Internal Service | 3,500,000 |
| Nonmajor governmental funds: | |
| Local Sales Tax CIP Fund | 16,420,308 |
| Nonmajor enterprise funds: | 11,346 |
| Total | <u>\$ 21,687,580</u> |

| Fund | 2003 Interfund Payables |
|--------------------------------------|----------------------------|
| General Fund: | \$ 11,346 |
| Nonmajor Governmental Funds: | |
| Self-Supporting Municipal District | 50,000 |
| Gilbert & Mosley TIF District | 657,000 |
| Water Main Extension Fund | 2,297,179 |
| Park Bond Construction Fund | 3,617,575 |
| Public Improvement Construction Fund | 3,500,000 |
| Sewer Construction Fund | 10,505,554 |
| Federal and State Assistance Funds: | |
| Unified Work Program Subfund | 151,162 |
| Workforce Investment Act Subfund | 148,950 |
| Welfare to Work Subfund | 14,236 |
| Emergency Shelter HUD Subfund | 23,138 |
| Federal Health Projects Subfund | 276,712 |
| Emergency Shelter SRS Subfund | 11,913 |
| HOME Program Subfund | 422,815 |
| Total | <u>\$ 21,687,580</u> |

Interfund receivables/payables at the end of December 2003 include a cash advance from the Police Federal Grants to the various federal and state assistance subfunds for which grant drawdowns are pending. The Debt Service Fund has recorded a receivable of \$657,000 from the tax increment-financing district Gilbert and Mosley for debt service payments due in late 2003 and scheduled for repayment in early 2004. The Self-Insurance Fund of the internal service funds has a 24 month interest-bearing loan to

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

15. Interfund Receivables/Payables (continued)

the Public Improvement Construction Fund, supported by an executed note for an economic development project. Most significant are the receivables in the Local Sales Tax CIP Fund of \$16.4 million to the Capital Project Funds until projects are completed and long term financing has been secured.

16. Reserves and Designations of Fund Balances

Reserved fund balance is reported to denote portions of fund balance that are either (1) legally restricted to a specific future use or (2) not available for appropriation or expenditures. The following reservations of fund balance are used by the City: [1] reserved for encumbrances - used to segregate a portion of fund balance for expenditures upon vendor performance; [2] reserved for inventory – used to segregate a portion of fund balance to indicate that inventories do not represent available or spendable resources, and [3] reserved for prepaid items – used to segregate a portion of fund balance to indicate that prepaid items do not represent available or spendable resources.

Designations of fund balances are not legally required segregations, but segregate unreserved fund balance for a specific purpose. A designation of the unreserved fund balance is reported in the amount of \$12,242,494 for the General Fund for the subsequent year's appropriation. Additionally, the unreserved fund balance of the Debt Service Fund totaling \$26,286,111 is designated for future debt service requirements.

17. Passenger Facility Charges

In 1994, the Wichita Airport Authority first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$3 for each eligible passenger utilizing Wichita Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Wichita Airport Authority in January 1995. The charge is collected by all carriers and remitted to the Airport Authority, less an \$.08 per passenger handling fee. The proceeds from the PFC are restricted to use for certain FAA approved capital improvement projects. As of December 31, 2003, the Airport Authority has submitted approval on four applications with a total amended authorized amount of \$25,625,809 of which \$16,368,878 has been collected.

18. Landfill Closure and Postclosure Care

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover on the municipal solid waste facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Accordingly, a liability of \$26,977,200 for postclosure care for the remaining 27.75 years has been reported as a long-term liability of governmental activities on the Statement of Net Assets as of December 31, 2003.

During 2001, the City was granted permission to operate a construction and demolition (C&D) landfill at

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

18. Landfill Closure and Postclosure Care (continued)

the existing Brooks Landfill site. The C&D landfill began operation October 10, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date. As of December 31, 2003, a long-term liability of \$38,700 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 12.5 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$281,900 as the remaining capacity is filled. Based on activity to date, the City of Wichita expects the C&D landfill to close in approximately 2019, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste at the existing Brooks Landfill site. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2003, a long-term liability of \$34,300 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 7.4 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$430,300 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2023, or as capacity is reached.

The estimates are subject to change due to inflation, deflation, technology, laws or regulations.

Financial assurance for closure and post-closure care costs of the landfills has been demonstrated by the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas by K.A.R. 28-29-98. The Landfill Postclosure Fund and landfill tipping fees will provide the primary source of funding for the landfills' closure and postclosure costs. Additional financing needs beyond those met by the trust fund and user fees will potentially require the sale of bonds.

19. Prior Period Adjustments

A selective system study of the Sewer Utility was completed and recorded in a sewer utility project, a component of construction in progress. The project was closed in 2003, however, the majority of the expenses were in the prior fiscal period and were not eligible for capitalization. Consequently, a prior period adjustment of \$5,145,419 was recorded for expenses of prior years, resulting in a decrease to the Sewer Utility Fund net assets.

20. Contingencies and Commitments

A. Legal Matters

The reporting entity generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. The reporting entity is vigorously defending its interest in all of the various legal actions and claims against the reporting entity presently pending involving personal injury

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

20. Contingencies and Commitments (continued)

A. Legal Matters (continued)

(including workers' compensation claims), property damages, civil rights complaints, and other miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. In the opinion of management and its legal counsel, the probability of material aggregate liabilities resulting from these claims will not have an adverse material effect on the reporting entity's basic financial statements.

Under Kansas Statutes, should the courts sustain any of the litigation against the reporting entity, the City may issue no-fund warrants to cover any resulting over-expenditures not anticipated in the current year budget. The City is then required to levy sufficient ad valorem property taxes in the first levying period following issuance to retire such warrants. This tax levy is without limitation.

B. Grant Programs

The City participates in a number of Federal and State assisted grant programs, which are subject to financial, and compliance requirements with each applicable grant and any disallowed costs resulting from such audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2003

C. Environmental Matters

An area near the City's downtown has been designated by the Kansas Department of Health and Environment (KDHE) as the Gilbert and Mosley groundwater contamination site. In order to address this site, the City entered into an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS) to investigate the contamination and protect human health and the environment, develop a clean-up plan, and avert property value decline within the site. Through this agreement the City has undertaken the obligation to perform the RI/FS and to perform such corrective measures as may be indicated by the RI/FS. The City has entered into an agreement with one potentially responsible party (PRP) to reimburse the City for costs of the RI/FS and certain other future costs, subject to a later reallocation. The City has also undertaken a Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) response cost proceeding in federal court against 26 defendants to share in the cost of clean-up. A tax increment-financing district (TIF) was established to raise funds for obligations the City may incur under the agreement with KDHE.

In January 1994, the KDHE completed its review of the RI portion of the report and made it available for review by the public. The RI report describes the nature and extent of contamination at the site. The FS portion of the report was approved by the State in 1994 and the Corrective Action Decision for Interim Groundwater Remediation was issued by the Kansas Department of Health and Environment for the site. The FS outlines the methods that are to be used for clean-up of the site and the Interim Corrective Action Decision specifies the conditions the City must meet in terms of clean-up levels and containment of the down gradient contamination. The Gilbert and Mosley Site Final Design Report, Final Interim Groundwater Remediation Plumes ABE, was approved by KDHE on October 5, 2000, and the Remedial Action Work Plan was approved by KDHE on March 1, 2001.

The remediation system for plumes ABE has been constructed and cleanup of the

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

groundwater commenced in December of 2002. Ten additional sites have been declared orphan sites that are not addressed by the remediation system. Three of the sites will require remedial action.

In 1998, the City filed a lawsuit to recover its costs to cleanup and protect the groundwater. The action was filed against 26 defendants that owned or operated businesses at fifteen locations within the site. The Federal Court trial of the claims against four defendants was held in October and November 2002. The Court has rendered its decision in favor of the City. The financial obligation due to the City from defendants is under court review.

To date, settlements with a value of \$7.2 million have been made from about twenty entities. In addition to these settlements and pending civil action against the remaining parties, the City of Wichita is seeking contribution from Coleman, Inc., who committed to paying their share of the cleanup cost through a joint agreement with the City of Wichita; an agreement which contains a cost allocation formula. The amount that Coleman owes is currently in arbitration as called for in the agreement. Given the current status of these actions, it is not possible to describe with certainty the City's share of the total cost of the cleanup.

In January of 2002, the net present value of the proposed down gradient plume cleanup plan was estimated to total approximately \$16.4 million. Source area investigations and control were projected to be another \$9.7 million. Since the estimate was prepared, additional investigations, work plans and settlements have occurred that have reduced the City's obligation for some of the source areas and plumes of contamination. Court documents, under compilation at this time, will allow revision of the past costs and estimated future costs. The costs of cleanup, along with the costs of investigation and design, were sought from potentially responsible parties in the cost recovery lawsuit. The cost recovery efforts are intended to seek recovery from the parties responsible for the contamination and minimize the use of the tax increment-financing district.

In 1995, the City took action to apply the Gilbert and Mosley model to another portion of the community, known as the North Industrial Corridor (NIC). The investigation and cleanup plan is in the initial stages. To date, the City has created a tax increment-financing district and has signed an agreement with the Kansas Department of Health and Environment (KDHE) to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site.

In addition, the City has entered into a participant agreement with over 27 businesses in the area that have provided partial funding for the RI/FS for the NIC site. The NIC RI/FS was initiated in 1997 and the field investigation phase was completed in the latter part of 2001. The RI portion of the RI/FS was submitted to KDHE in the latter portion of 2002 and is currently under their review. Upon approval of the RI, the feasibility study will be completed and submitted to KDHE. Submittal of the feasibility study is anticipated to be in the mid part of 2005. Until the remedial investigation and feasibility study for the NIC area is complete, a final resolution of cost sharing by potentially responsible parties cannot be finalized; therefore a meaningful estimation of the total cost of

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

investigation and cleanup activities is not currently available.

In 1996, groundwater contamination was identified at the City-owned Brooks Landfill. As a result of this finding, the City has entered into the appropriate agreements and permitting conditions regarding the investigation and cleanup of the contamination. The City has installed and is operating cleanup facilities at the site to address the contamination. The related liability is included in the total landfill closure and post-closure costs reflected in the general long-term debt, as of December 31, 2003. Note 18 - Landfill Closure and Post Closure Care, provides further disclosure regarding the future funding of landfill liabilities.

D. Construction Commitments

The City has outstanding construction commitments for freeway and arterial street construction and other capital improvements of \$94,404,640 at December 31, 2003. This amount is reflected as reserve for encumbrances in capital projects funds.

E. Public Building Commission Lease

The City of Wichita, in cooperation with Sedgwick County, entered into a lease agreement dated March 1, 1993 with the Wichita Public Building Commission in conjunction with the issuance of \$18,620,000 Revenue Bonds, Series H, 1993, to finance the acquisition, renovation, construction, and certain other improvements of a State Office Building and related parking facilities in downtown Wichita. In 2003, the original bonds on the State Office Building were refunded with the issuance of \$13,880,000 Revenue Bonds, Series N, 2003, to refinance the remaining debt at a lower interest cost.

The Wichita Public Building Commission previously entered into a lease agreement for the project with the State of Kansas regarding the acquisition and renovation of the former "Dillard's" building to provide rentable office space. Agencies of the State, including the Department of Social and Rehabilitation Services, lease office space in the State Office Building. The City/County lease is intended to be a "wrap-around" obligation wherein the City and County are contingently liable and will make rental payments, if necessary, to supplement the rental payments to be paid by the State pursuant to the State lease so that the total shall be sufficient to pay the principal of, premium, if any, and interest on the bonds.

In 2003, no such payments were required. The City of Wichita also serves as the Property Manager for the State Office Building and related parking facilities for the term of the lease.

F. Economic Development Activities

The City has established tax increment financing districts to support economic development activities, including the East Bank, 21st and Grove, and Old Town Redevelopment Districts. The City's contributions to these projects include streets, a waterwalk, meeting rooms for Expo Hall (adjacent to the downtown convention hotel), and a parking garage adjacent to the Hotel at Old Town, which are financed through the issuance of bonds in 1999 totaling \$14.97 million to date. Additional guest tax revenues generated by the Hotel at Old Town will also be used to retire bonds

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

20. Contingencies and Commitments (continued)

- F. Economic Development Activities (continued)
issued for improvements to the hotel.

In the event property and guest tax revenues generated by the tax increment financing districts and the Hotel at Old Town are not sufficient and other revenue sources are not available, under State law, the City would be required to levy additional property tax on all taxable tangible property in the City to meet debt service requirements for these projects.

21. Subsequent Events

On February 1, 2004, the City issued \$13,390,000 of 15-year general obligation bonds (Series 776), \$10,185,000 in 10-year general obligation bonds (Series 777). The City also issued \$4,980,000 in general obligation tax increment financing bonds (Series 957) with an average interest rate of 3.4 percent and 2.8 percent, respectively. Further, the City issued \$92,810,000 general obligation renewal and improvement temporary notes (Series 210) with an average interest rate of 0.92 percent on February 19, 2004.

Accordingly, temporary notes payable totaling \$22,968,952 were reclassified as bond anticipation notes and are recorded as long-term liabilities of governmental activities, as of December 31, 2003. The notes were refinanced through the issuance of general obligation bonds (Series 776, Series 777, and Series 957) on February 19, 2004.

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CITY OF WICHITA, KANSAS

2003 PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

Wichita Employees' Retirement System

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|-------------------------------------|--|
| 12/31/01 | \$ 428,204 | \$ 353,158 | \$ (75,046) | 121.2 | \$ 65,347 | (114.8) |
| 12/31/02 | 433,366 | 370,399 | (62,967) | 117.0 | 68,117 | (92.4) |
| 12/31/03 | 446,794 | 387,037 | (59,757) | 115.4 | 69,161 | (86.4) |

Wichita Police and Fire Retirement System

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|-------------------------------------|--|
| 12/31/01 | \$ 362,493 | \$ 325,335 | \$ (37,158) | 111.4 | \$ 42,286 | (87.9) |
| 12/31/02 | 361,687 | 340,524 | (21,163) | 106.2 | 45,696 | (46.3) |
| 12/31/03 | 374,171 | 350,444 | (23,726) | 106.8 | 45,876 | (51.7) |

GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

***Tourism and Convention
Downtown Trolley System
Special Alcohol Program
Special Parks and Recreation
Ice Rink Management
Landfill
Landfill Postclosure
Central Inspection
Economic Development
Sales Tax Pledge
Property Management Operations
State Office Building
Tax Increment Financing (TIF) Districts
Self-Supporting Municipal Improvement District
City-County
Art Museum Board***

Nonmajor Capital Projects Funds

The purpose of the Capital Projects Funds is to account for capital improvements (except those financed by proprietary funds) that are financed from the City's general obligation bond issues, special assessments, local sales tax, certain Federal grants and other City funds. Following are the nonmajor Capital Projects Funds:

***Water Main Extension
Park Bond Construction
Public Improvement Construction
Sewer Construction
Local Sales Tax CIP***

Permanent Fund

The Cemetery Fund is reported as a permanent fund and receives earnings from investments that are used for the perpetual care of two cemeteries maintained by the municipality.

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUND TYPES December 31, 2003 (with comparative totals for December 31, 2002)

| | Governmental Fund Types | | | | |
|---|--------------------------|---------------------------|----------------------------|----------------------|----------------------|
| | Special Revenue Funds | Capital Projects Funds | Permanent Fund Cemetery | 2003 Totals | 2002 Totals |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 52,069,611 | \$ 14,634,290 | \$ 556,725 | \$ 67,260,626 | \$ 68,420,384 |
| Investments | - | - | 253,966 | 253,966 | 256,480 |
| Receivables, net: | | | | | |
| Due from other agencies | 810,500 | 300,000 | - | 1,110,500 | 481,800 |
| Accounts | 1,639,232 | 316,332 | - | 1,955,564 | 2,001,014 |
| Interest | - | - | 2,777 | 2,777 | 2,792 |
| Due from other funds | - | 16,420,308 | - | 16,420,308 | 7,110,653 |
| Notes receivable | - | 1,057,670 | - | 1,057,670 | - |
| Total assets | \$ 54,519,343 | \$ 32,728,600 | \$ 813,468 | \$ 88,061,411 | \$ 78,273,123 |
| LIABILITIES AND FUND BALANCES (DEFICITS) | | | | | |
| Liabilities: | | | | | |
| Accounts payable and other liabilities | \$ 1,186,713 | \$ 452,896 | \$ - | \$ 1,639,609 | \$ 3,992,802 |
| Accrued interest payable | - | 111,040 | - | 111,040 | 107,851 |
| Temporary notes payable | - | 21,263,218 | - | 21,263,218 | 18,233,946 |
| Deposits | 94,612 | - | - | 94,612 | 99,943 |
| Due to other funds | 707,000 | 19,920,308 | - | 20,627,308 | 7,185,653 |
| Deferred revenue | 350,000 | 120,000 | - | 470,000 | 350,000 |
| Total liabilities | 2,338,325 | 41,867,462 | - | 44,205,787 | 29,970,195 |
| Fund balances (deficits): | | | | | |
| Reserved for encumbrances | 3,138,634 | 10,053,826 | - | 13,192,460 | 32,234,057 |
| Unreserved, undesignated | 49,042,384 | (19,192,688) | 813,468 | 30,663,164 | 16,068,871 |
| Total fund balances (deficits) | 52,181,018 | (9,138,862) | 813,468 | 43,855,624 | 48,302,928 |
| Total liabilities and fund balances | \$ 54,519,343 | \$ 32,728,600 | \$ 813,468 | \$ 88,061,411 | \$ 78,273,123 |

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2003

(with comparative totals for December 31, 2002)

| | Tourism and Convention | Downtown Trolley System | Special Alcohol Program | Special Parks and Recreation | Ice Rink Management |
|--|---------------------------|----------------------------|----------------------------|---------------------------------|------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 346,219 | \$ 33,881 | \$ 823,659 | \$ 111,224 | \$ - |
| Receivables, net: | | | | | |
| Due from other agencies | - | - | - | - | 100,000 |
| Accounts | - | 10,375 | - | - | - |
| | <u>-</u> | <u>10,375</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 346,219</u> | <u>\$ 44,256</u> | <u>\$ 823,659</u> | <u>\$ 111,224</u> | <u>\$ 100,000</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and other liabilities | \$ - | \$ 5,195 | \$ 3,684 | \$ - | \$ - |
| Deposits | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>5,195</u> | <u>3,684</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | |
| Reserved for encumbrances | 50,000 | - | 439,149 | - | - |
| Unreserved, undesignated | 296,219 | 39,061 | 380,826 | 111,224 | 100,000 |
| | <u>346,219</u> | <u>39,061</u> | <u>819,975</u> | <u>111,224</u> | <u>100,000</u> |
| Total fund balances | <u>346,219</u> | <u>39,061</u> | <u>819,975</u> | <u>111,224</u> | <u>100,000</u> |
| Total liabilities and fund balances | <u>\$ 346,219</u> | <u>\$ 44,256</u> | <u>\$ 823,659</u> | <u>\$ 111,224</u> | <u>\$ 100,000</u> |

| <u>Landfill</u> | <u>Landfill Postclosure</u> | <u>Central Inspection</u> | <u>Economic Development</u> | <u>Sales Tax Pledge</u> | <u>Property Management</u> | <u>State Office Building</u> |
|---------------------|---------------------------------|-------------------------------|---------------------------------|-----------------------------|--------------------------------|----------------------------------|
| \$ 5,206,705 | \$ 29,863,984 | \$ 1,671,131 | \$ 2,073,882 | \$ 4,593,638 | \$ 1,977,759 | \$ 758,764 |
| - | - | - | - | - | 3,500 | - |
| - | - | 37,713 | 446,800 | - | - | 3,300 |
| <u>\$ 5,206,705</u> | <u>\$ 29,863,984</u> | <u>\$ 1,708,844</u> | <u>\$ 2,520,682</u> | <u>\$ 4,593,638</u> | <u>\$ 1,981,259</u> | <u>\$ 762,064</u> |
| | | | | | | |
| \$ 410,127 | \$ 22,261 | \$ 129,514 | \$ 11,357 | \$ - | \$ 173,245 | \$ 18,180 |
| - | - | 55,500 | - | - | 7,179 | - |
| - | - | - | - | - | - | - |
| - | - | - | 350,000 | - | - | - |
| <u>410,127</u> | <u>22,261</u> | <u>185,014</u> | <u>361,357</u> | <u>-</u> | <u>180,424</u> | <u>18,180</u> |
| | | | | | | |
| 614,325 | 67,507 | 21,736 | 1,272,378 | - | 22,738 | 5,519 |
| <u>4,182,253</u> | <u>29,774,216</u> | <u>1,502,094</u> | <u>886,947</u> | <u>4,593,638</u> | <u>1,778,097</u> | <u>738,365</u> |
| <u>4,796,578</u> | <u>29,841,723</u> | <u>1,523,830</u> | <u>2,159,325</u> | <u>4,593,638</u> | <u>1,800,835</u> | <u>743,884</u> |
| <u>\$ 5,206,705</u> | <u>\$ 29,863,984</u> | <u>\$ 1,708,844</u> | <u>\$ 2,520,682</u> | <u>\$ 4,593,638</u> | <u>\$ 1,981,259</u> | <u>\$ 762,064</u> |

(Continued)

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2003
(with comparative totals for December 31, 2002)

| | TIF Districts | Self-Supporting Municipal District | City- County | Art Museum Board | Totals | |
|--|---------------------|---------------------------------------|-------------------|---------------------|----------------------|----------------------|
| | | | | | 2003 | 2002 |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 4,037,043 | \$ 24,887 | \$ 427,639 | \$ 119,196 | \$ 52,069,611 | \$ 53,431,924 |
| Receivables, net: | | | | | | |
| Due from other agencies | 657,000 | 50,000 | - | - | 810,500 | 181,800 |
| Accounts | 1,140,189 | - | 855 | - | 1,639,232 | 1,662,740 |
| | | | | | | |
| Total assets | <u>\$ 5,834,232</u> | <u>\$ 74,887</u> | <u>\$ 428,494</u> | <u>\$ 119,196</u> | <u>\$ 54,519,343</u> | <u>\$ 55,276,464</u> |
| | | | | | | |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and other liabilities | \$ 16,729 | \$ - | \$ 369,020 | \$ 27,401 | \$ 1,186,713 | \$ 1,455,990 |
| Deposits | - | - | 31,933 | - | 94,612 | 99,943 |
| Due to other funds | 657,000 | 50,000 | - | - | 707,000 | 75,000 |
| Deferred revenue | - | - | - | - | 350,000 | 350,000 |
| | | | | | | |
| Total liabilities | <u>673,729</u> | <u>50,000</u> | <u>400,953</u> | <u>27,401</u> | <u>2,338,325</u> | <u>1,980,933</u> |
| | | | | | | |
| Fund balances: | | | | | | |
| Reserved for encumbrances | 617,741 | - | 27,541 | - | 3,138,634 | 3,016,950 |
| Unreserved, undesignated | 4,542,762 | 24,887 | - | 91,795 | 49,042,384 | 50,278,581 |
| | | | | | | |
| Total fund balances | <u>5,160,503</u> | <u>24,887</u> | <u>27,541</u> | <u>91,795</u> | <u>52,181,018</u> | <u>53,295,531</u> |
| | | | | | | |
| Total liabilities and fund balances | <u>\$ 5,834,232</u> | <u>\$ 74,887</u> | <u>\$ 428,494</u> | <u>\$ 119,196</u> | <u>\$ 54,519,343</u> | <u>\$ 55,276,464</u> |

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2003
(with comparative totals for December 31, 2002)

| | Water Main Extension | Park Bond Construction | Public Improvement Construction |
|---|-------------------------|---------------------------|---------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 12,307,716 |
| Due from other agencies | - | - | 300,000 |
| Accounts receivable, net | - | - | 316,332 |
| Due from other funds | - | - | - |
| Notes receivable | - | - | 1,057,670 |
| | <u>-</u> | <u>-</u> | <u>1,057,670</u> |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,981,718</u> |
| LIABILITIES AND FUND BALANCES (DEFICITS) | | | |
| Liabilities: | | | |
| Accounts payable and other liabilities | \$ 48,289 | \$ 5,133 | \$ 67,554 |
| Accrued interest payable | 7,864 | 80 | 73,662 |
| Temporary notes payable | 1,305,162 | 26,000 | 14,674,000 |
| Due to other funds | 2,297,179 | 3,617,575 | 3,500,000 |
| Deferred revenue | - | - | 120,000 |
| | <u>-</u> | <u>-</u> | <u>120,000</u> |
| Total liabilities | <u>3,658,494</u> | <u>3,648,788</u> | <u>18,435,216</u> |
| Fund balances: | | | |
| Reserved for encumbrances | 328,403 | 1,448,590 | 5,399,193 |
| Unreserved, undesignated | <u>(3,986,897)</u> | <u>(5,097,378)</u> | <u>(9,852,691)</u> |
| Total fund balances (deficits) | <u>(3,658,494)</u> | <u>(3,648,788)</u> | <u>(4,453,498)</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,981,718</u> |

| Sewer Construction | Local Sales Tax CIP | Totals | |
|-----------------------|------------------------|----------------------|----------------------|
| | | 2003 | 2002 |
| \$ - | \$ 2,326,574 | \$ 14,634,290 | \$ 14,448,942 |
| - | - | 300,000 | 300,000 |
| - | - | 316,332 | 338,274 |
| - | 16,420,308 | 16,420,308 | 7,110,653 |
| - | - | 1,057,670 | - |
| <u>\$ -</u> | <u>\$ 18,746,882</u> | <u>\$ 32,728,600</u> | <u>\$ 22,197,869</u> |
| | | | |
| \$ 331,920 | \$ - | \$ 452,896 | \$ 2,536,807 |
| 29,434 | - | 111,040 | 107,851 |
| 5,258,056 | - | 21,263,218 | 18,233,946 |
| 10,505,554 | - | 19,920,308 | 7,110,653 |
| - | - | 120,000 | - |
| <u>16,124,964</u> | <u>-</u> | <u>41,867,462</u> | <u>27,989,257</u> |
| | | | |
| 2,877,640 | - | 10,053,826 | 29,217,107 |
| <u>(19,002,604)</u> | <u>18,746,882</u> | <u>(19,192,688)</u> | <u>(35,008,495)</u> |
| <u>(16,124,964)</u> | <u>18,746,882</u> | <u>(9,138,862)</u> | <u>(5,791,388)</u> |
| <u>\$ -</u> | <u>\$ 18,746,882</u> | <u>\$ 32,728,600</u> | <u>\$ 22,197,869</u> |

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR GOVERNMENTAL FUND TYPES

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Governmental Fund Types | | | | |
|--|--------------------------|---------------------------|------------------------------|----------------------|----------------------|
| | Special Revenue Funds | Capital Projects Funds | Permanent Fund - Cemetery | 2003 Totals | 2002 Totals |
| REVENUES | | | | | |
| Taxes | \$ 9,559,145 | \$ - | \$ - | \$ 9,559,145 | \$ 8,819,334 |
| Special assessments | - | 293,282 | - | 293,282 | 768,218 |
| Local sales tax | 19,867,702 | - | - | 19,867,702 | 20,476,052 |
| Intergovernmental | 4,002,820 | 76,122 | - | 4,078,942 | 4,528,148 |
| Licenses and permits | 3,870,876 | - | - | 3,870,876 | 4,432,280 |
| Rentals | 1,897,933 | - | - | 1,897,933 | 2,230,597 |
| Interest earnings | 723,622 | 128,128 | 37,292 | 889,042 | 2,295,971 |
| Charges for services and sales | 2,887,957 | - | - | 2,887,957 | 3,510,932 |
| Other | 597,026 | 6,525,248 | 1,000 | 7,123,274 | 5,539,211 |
| Total revenues | <u>43,407,081</u> | <u>7,022,780</u> | <u>38,292</u> | <u>50,468,153</u> | <u>52,600,743</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 6,247,143 | - | 23,609 | 6,270,752 | 7,898,984 |
| Public safety | 6,217,063 | - | - | 6,217,063 | 6,084,117 |
| Sanitation | 1,574,450 | - | - | 1,574,450 | 2,365,260 |
| Health and welfare | 4,604,631 | - | - | 4,604,631 | 6,299,538 |
| Culture and recreation | 4,372,142 | - | - | 4,372,142 | 4,815,242 |
| Debt service: | | | | | |
| Principal retirement | - | 6,236,454 | - | 6,236,454 | 6,253,699 |
| Interest and fiscal charges | - | 319,605 | - | 319,605 | 297,549 |
| Capital outlay | - | 59,524,155 | - | 59,524,155 | 50,730,194 |
| Total expenditures | <u>23,015,429</u> | <u>66,080,214</u> | <u>23,609</u> | <u>89,119,252</u> | <u>84,744,583</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>20,391,652</u> | <u>(59,057,434)</u> | <u>14,683</u> | <u>(38,651,099)</u> | <u>(32,143,840)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from long-term capital debt | - | 43,263,587 | - | 43,263,587 | 32,068,952 |
| Transfers from other funds | 5,265,232 | 18,660,062 | - | 23,925,294 | 22,605,679 |
| Transfers to other funds | (26,771,397) | (6,213,689) | - | (32,985,086) | (42,635,287) |
| Total other financing sources (uses) | <u>(21,506,165)</u> | <u>55,709,960</u> | <u>-</u> | <u>34,203,795</u> | <u>12,039,344</u> |
| Net change in fund balances | (1,114,513) | (3,347,474) | 14,683 | (4,447,304) | (20,104,496) |
| Fund balances - beginning | <u>53,295,531</u> | <u>(5,791,388)</u> | <u>798,785</u> | <u>48,302,928</u> | <u>68,407,424</u> |
| Fund balances (deficits) - ending | <u>\$ 52,181,018</u> | <u>\$ (9,138,862)</u> | <u>\$ 813,468</u> | <u>\$ 43,855,624</u> | <u>\$ 48,302,928</u> |

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Tourism and Convention | Downtown Trolley System | Special Alcohol Program | Special Parks and Recreation | Ice Rink Management |
|--|---------------------------|----------------------------|----------------------------|---------------------------------|------------------------|
| REVENUES | | | | | |
| Taxes | \$ 4,487,555 | \$ - | \$ - | \$ - | \$ - |
| Local sales tax | - | - | - | - | - |
| Intergovernmental | - | - | 1,303,241 | 1,303,241 | - |
| Licenses and permits | - | - | - | - | - |
| Rentals | - | - | - | - | - |
| Interest earnings | 19,178 | 389 | 11,987 | 2,895 | 876 |
| Charges for services and sales | - | 120,597 | - | - | 1,078,484 |
| Other | - | - | - | - | - |
| Total revenues | <u>4,506,733</u> | <u>120,986</u> | <u>1,315,228</u> | <u>1,306,136</u> | <u>1,079,360</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Sanitation | - | - | - | - | - |
| Health and welfare | - | - | 1,652,720 | - | - |
| Culture and recreation | 1,812,275 | 92,356 | - | - | 1,171,075 |
| Total expenditures | <u>1,812,275</u> | <u>92,356</u> | <u>1,652,720</u> | <u>-</u> | <u>1,171,075</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,694,458</u> | <u>28,630</u> | <u>(337,492)</u> | <u>1,306,136</u> | <u>(91,715)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | - | - | - | - | - |
| Transfers to other funds | (2,544,220) | - | - | (1,398,170) | - |
| Total other financing sources (uses) | <u>(2,544,220)</u> | <u>-</u> | <u>-</u> | <u>(1,398,170)</u> | <u>-</u> |
| Net change in fund balances | 150,238 | 28,630 | (337,492) | (92,034) | (91,715) |
| Fund balances - beginning | <u>195,981</u> | <u>10,431</u> | <u>1,157,467</u> | <u>203,258</u> | <u>191,715</u> |
| Fund balances - ending | <u>\$ 346,219</u> | <u>\$ 39,061</u> | <u>\$ 819,975</u> | <u>\$ 111,224</u> | <u>\$ 100,000</u> |

| Landfill | Landfill Postclosure | Central Inspection | Economic Development | Sales Tax Pledge | Property Management | State Office Building |
|---------------------|-------------------------|-----------------------|-------------------------|---------------------|------------------------|--------------------------|
| \$ - | \$ - | \$ 6,130 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 19,867,702 | - | - |
| - | - | - | - | - | - | - |
| - | - | 3,870,876 | - | - | - | - |
| - | 41,658 | - | - | - | 955,721 | 900,554 |
| 69,551 | 413,095 | 24,023 | 28,078 | 49,845 | 25,712 | 7,764 |
| 383,417 | - | 706,868 | - | - | 283,580 | 11,498 |
| - | - | 1,350 | 460,107 | - | 135,519 | - |
| <u>452,968</u> | <u>454,753</u> | <u>4,609,247</u> | <u>488,185</u> | <u>19,917,547</u> | <u>1,400,532</u> | <u>919,816</u> |
| - | - | - | 2,352,821 | - | 1,081,771 | 950,682 |
| - | - | 4,960,472 | - | - | - | - |
| 842,370 | 732,080 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>842,370</u> | <u>732,080</u> | <u>4,960,472</u> | <u>2,352,821</u> | <u>-</u> | <u>1,081,771</u> | <u>950,682</u> |
| <u>(389,402)</u> | <u>(277,327)</u> | <u>(351,225)</u> | <u>(1,864,636)</u> | <u>19,917,547</u> | <u>318,761</u> | <u>(30,866)</u> |
| - | - | - | 2,700,000 | - | - | 131,003 |
| - | (1,500,000) | (109,240) | - | (19,882,650) | (128,180) | - |
| - | (1,500,000) | (109,240) | 2,700,000 | (19,882,650) | (128,180) | 131,003 |
| (389,402) | (1,777,327) | (460,465) | 835,364 | 34,897 | 190,581 | 100,137 |
| <u>5,185,980</u> | <u>31,619,050</u> | <u>1,984,295</u> | <u>1,323,961</u> | <u>4,558,741</u> | <u>1,610,254</u> | <u>643,747</u> |
| <u>\$ 4,796,578</u> | <u>\$ 29,841,723</u> | <u>\$ 1,523,830</u> | <u>\$ 2,159,325</u> | <u>\$ 4,593,638</u> | <u>\$ 1,800,835</u> | <u>\$ 743,884</u> |

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2003

(with comparative totals for the year ended December 31, 2002)

| | TIF Districts | Self-Supporting Municipal District | City- County | Art Museum Board | Totals | |
|--|---------------------|---------------------------------------|--------------------|---------------------|----------------------|----------------------|
| | | | | | 2003 | 2002 |
| REVENUES | | | | | | |
| Taxes | \$ 4,545,573 | \$ 519,887 | \$ - | \$ - | \$ 9,559,145 | \$ 8,819,334 |
| Local sales tax | - | - | - | - | 19,867,702 | 20,476,052 |
| Intergovernmental | 260,000 | - | 1,136,338 | - | 4,002,820 | 4,156,273 |
| Licenses and permits | - | - | - | - | 3,870,876 | 4,432,280 |
| Rentals | - | - | - | - | 1,897,933 | 2,230,597 |
| Interest earnings | 67,137 | - | - | 3,092 | 723,622 | 1,657,601 |
| Charges for services and sales | - | - | 303,513 | - | 2,887,957 | 3,510,932 |
| Other | 50 | - | - | - | 597,026 | 964,734 |
| Total revenues | <u>4,872,760</u> | <u>519,887</u> | <u>1,439,851</u> | <u>3,092</u> | <u>43,407,081</u> | <u>46,247,803</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 8,787 | 495,000 | 1,358,082 | - | 6,247,143 | 7,876,438 |
| Public safety | - | - | 1,256,591 | - | 6,217,063 | 6,084,117 |
| Sanitation | - | - | - | - | 1,574,450 | 2,365,260 |
| Health and welfare | 2,951,911 | - | - | - | 4,604,631 | 6,299,538 |
| Culture and recreation | - | - | - | 1,296,436 | 4,372,142 | 4,815,242 |
| Total expenditures | <u>2,960,698</u> | <u>495,000</u> | <u>2,614,673</u> | <u>1,296,436</u> | <u>23,015,429</u> | <u>27,440,595</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,912,062</u> | <u>24,887</u> | <u>(1,174,822)</u> | <u>(1,293,344)</u> | <u>20,391,652</u> | <u>18,807,208</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers from other funds | - | - | 1,136,339 | 1,297,890 | 5,265,232 | 9,603,993 |
| Transfers to other funds | (1,076,340) | - | (132,597) | - | (26,771,397) | (30,557,494) |
| Total other financing sources (uses) | <u>(1,076,340)</u> | <u>-</u> | <u>1,003,742</u> | <u>1,297,890</u> | <u>(21,506,165)</u> | <u>(20,953,501)</u> |
| Net change in fund balances | 835,722 | 24,887 | (171,080) | 4,546 | (1,114,513) | (2,146,293) |
| Fund balances - beginning | <u>4,324,781</u> | <u>-</u> | <u>198,621</u> | <u>87,249</u> | <u>53,295,531</u> | <u>55,441,824</u> |
| Fund balances - ending | <u>\$ 5,160,503</u> | <u>\$ 24,887</u> | <u>\$ 27,541</u> | <u>\$ 91,795</u> | <u>\$ 52,181,018</u> | <u>\$ 53,295,531</u> |

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2003

(with comparative totals for the year ended December 31, 2002)

| | Water Main Extension | Park Bond Construction | Public Improvement Construction |
|--|-------------------------|---------------------------|---------------------------------------|
| REVENUES | | | |
| Special assessments | \$ 186,938 | \$ - | \$ - |
| Intergovernmental | - | 500 | 75,622 |
| Interest earnings | - | - | - |
| Other | 638,692 | (19,977) | 2,509,311 |
| Total revenues | <u>825,630</u> | <u>(19,477)</u> | <u>2,584,933</u> |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal retirement | 1,610,493 | 357,890 | 17,900 |
| Interest and fiscal charges | 30,700 | 1,560 | 193,620 |
| Capital outlay | 4,405,257 | 5,998,062 | 31,640,111 |
| Total expenditures | <u>6,046,450</u> | <u>6,357,512</u> | <u>31,851,631</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,220,820)</u> | <u>(6,376,989)</u> | <u>(29,266,698)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from long-term capital debt | 4,769,081 | 3,616,160 | 21,594,040 |
| Transfers from other funds | 7,473 | - | 5,884,889 |
| Transfers to other funds | - | - | - |
| Total other financing sources (uses) | <u>4,776,554</u> | <u>3,616,160</u> | <u>27,478,929</u> |
| Net change in fund balances | (444,266) | (2,760,829) | (1,787,769) |
| Fund balances (deficits) - beginning | <u>(3,214,228)</u> | <u>(887,959)</u> | <u>(2,665,729)</u> |
| Fund balances (deficits) - ending | <u>\$ (3,658,494)</u> | <u>\$ (3,648,788)</u> | <u>\$ (4,453,498)</u> |

| Sewer Construction | Local Sales Tax CIP | Totals | |
|-----------------------|------------------------|----------------|----------------|
| | | 2003 | 2002 |
| \$ 106,344 | \$ - | \$ 293,282 | \$ 768,218 |
| - | - | 76,122 | 371,875 |
| - | 128,128 | 128,128 | 601,717 |
| 320,903 | 3,076,319 | 6,525,248 | 4,574,477 |
| 427,247 | 3,204,447 | 7,022,780 | 6,316,287 |
| | | | |
| 4,250,171 | - | 6,236,454 | 6,253,699 |
| 93,725 | - | 319,605 | 297,549 |
| 17,480,725 | - | 59,524,155 | 50,730,194 |
| 21,824,621 | - | 66,080,214 | 57,281,442 |
| | | | |
| (21,397,374) | 3,204,447 | (59,057,434) | (50,965,155) |
| | | | |
| 13,284,306 | - | 43,263,587 | 32,068,952 |
| 17,700 | 12,750,000 | 18,660,062 | 13,001,686 |
| - | (6,213,689) | (6,213,689) | (12,077,793) |
| 13,302,006 | 6,536,311 | 55,709,960 | 32,992,845 |
| | | | |
| (8,095,368) | 9,740,758 | (3,347,474) | (17,972,310) |
| (8,029,596) | 9,006,124 | (5,791,388) | 12,180,922 |
| | | | |
| \$ (16,124,964) | \$ 18,746,882 | \$ (9,138,862) | \$ (5,791,388) |

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--------------------------------|------------------|---------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Local government taxes | | | | | |
| Property taxes | \$ 46,599,110 | \$ 46,599,110 | \$ 46,475,387 | \$ (123,723) | \$ 44,326,535 |
| Delinquent property taxes | 835,120 | 835,120 | 1,063,205 | 228,085 | 1,017,773 |
| IRBs, In-lieu-of-taxes | 45,000 | 20,000 | 6,968 | (13,032) | 19,504 |
| WHA, in-lieu-of-taxes | 76,090 | 30,000 | 31,441 | 1,441 | 29,966 |
| Special assessments | 17,440 | 21,350 | 31,597 | 10,247 | 21,349 |
| Motor vehicle tax | 7,493,780 | 7,510,450 | 7,529,917 | 19,467 | 7,465,941 |
| Local sales tax | 21,165,190 | 20,476,050 | 19,867,702 | (608,348) | 20,476,052 |
| Franchise Fees | 31,308,880 | 29,760,570 | 29,259,353 | (501,217) | 28,792,310 |
| Total local government taxes | 107,540,610 | 105,252,650 | 104,265,570 | (987,080) | 102,149,430 |
| Licenses and permits | 1,678,160 | 1,847,630 | 1,743,499 | (104,131) | 1,899,147 |
| Fines and penalties | 9,176,940 | 9,302,150 | 8,453,523 | (848,627) | 8,139,288 |
| Intergovernmental | 22,172,620 | 16,048,200 | 15,937,542 | (110,658) | 20,939,070 |
| Charges for services and sales | 6,987,130 | 7,052,750 | 6,953,579 | (99,171) | 6,439,551 |
| Rental/lease income | 2,539,600 | 2,488,870 | 2,277,308 | (211,562) | 2,370,924 |
| Interest earnings | 3,569,250 | 2,777,990 | 2,859,295 | 81,305 | 2,721,857 |
| Reimbursed expenditures | 1,378,830 | 2,053,400 | 516,145 | (1,537,255) | 255,497 |
| Administrative fees | 3,075,110 | 3,178,110 | 3,979,687 | 801,577 | 2,567,658 |
| Revised budget adjustment | - | 7,972,310 | - | (7,972,310) | - |
| Total Revenues | 158,118,250 | 157,974,060 | 146,986,148 | (10,987,912) | 147,482,422 |
| EXPENDITURES | | | | | |
| City Council: | | | | | |
| Personal services | 442,290 | 417,810 | 401,778 | 16,032 | 364,953 |
| Contractual services | 107,050 | 105,490 | 83,735 | 21,755 | 99,444 |
| Materials and supplies | 20,950 | 20,950 | 14,671 | 6,279 | 18,284 |
| Other | 7,750 | 7,750 | - | 7,750 | - |
| Total City Council | 578,040 | 552,000 | 500,184 | 51,816 | 482,681 |
| City Manager: | | | | | |
| Personal services | 457,530 | 414,500 | 414,284 | 216 | 463,334 |
| Contractual services | 133,170 | 130,290 | 63,236 | 67,054 | 89,425 |
| Materials and supplies | 14,100 | 14,100 | 7,581 | 6,519 | 4,410 |
| Contingency | 200,000 | 200,000 | - | 200,000 | - |
| Total City Manager | 804,800 | 758,890 | 485,101 | 273,789 | 557,169 |
| Department of Finance: | | | | | |
| Personal services | 3,137,000 | 2,900,180 | 2,637,769 | 262,411 | 2,859,962 |
| Contractual services | 681,500 | 641,120 | 559,352 | 81,768 | 616,968 |
| Materials and supplies | 38,420 | 32,430 | 25,625 | 6,805 | 33,146 |
| Total Department of Finance | 3,856,920 | 3,573,730 | 3,222,746 | 350,984 | 3,510,076 |

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|-------------------------|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| Law Department: | | | | | |
| Personal services | 1,621,680 | 1,562,020 | 1,554,752 | 7,268 | 1,557,122 |
| Contractual services | 253,450 | 227,230 | 226,705 | 525 | 238,990 |
| Materials and supplies | 7,010 | 7,030 | 2,565 | 4,465 | 5,536 |
| Total Law Department | 1,882,140 | 1,796,280 | 1,784,022 | 12,258 | 1,801,648 |
| Municipal Court: | | | | | |
| Personal services | 3,028,830 | 2,966,160 | 2,938,148 | 28,012 | 2,790,292 |
| Contractual services | 1,565,230 | 1,562,620 | 1,321,447 | 241,173 | 1,454,393 |
| Materials and supplies | 89,480 | 87,510 | 54,658 | 32,852 | 68,741 |
| Capital outlay | 8,750 | 7,400 | 7,189 | 211 | - |
| Total Municipal Court | 4,692,290 | 4,623,690 | 4,321,442 | 302,248 | 4,313,426 |
| Fire Department: | | | | | |
| Personal services | 24,530,060 | 23,678,700 | 23,680,462 | (1,762) | 23,120,075 |
| Contractual services | 1,525,870 | 1,328,730 | 1,292,087 | 36,643 | 1,542,970 |
| Materials and supplies | 505,610 | 489,450 | 464,206 | 25,244 | 405,420 |
| Capital outlay | 40,100 | - | - | - | - |
| Total Fire Department | 26,601,640 | 25,496,880 | 25,436,755 | 60,125 | 25,068,465 |
| Police Department: | | | | | |
| Personal services | 45,924,860 | 45,298,620 | 44,831,940 | 466,680 | 42,506,384 |
| Contractual services | 5,311,100 | 4,852,410 | 4,610,727 | 241,683 | 5,270,658 |
| Materials and supplies | 727,080 | 681,200 | 653,447 | 27,753 | 693,164 |
| Capital outlay | - | - | - | - | 63,723 |
| Total Police Department | 51,963,040 | 50,832,230 | 50,096,114 | 736,116 | 48,533,929 |
| Housing Services: | | | | | |
| Personal services | - | - | - | - | 110,754 |
| Contractual services | - | - | - | - | 58,248 |
| Materials and supplies | - | - | - | - | 86 |
| Total Housing Services | - | - | - | - | 169,088 |
| Library: | | | | | |
| Personal services | 4,439,790 | 4,294,960 | 4,235,610 | 59,350 | 3,978,826 |
| Contractual services | 1,020,860 | 935,840 | 854,795 | 81,045 | 843,208 |
| Materials and supplies | 723,780 | 653,970 | 643,014 | 10,956 | 724,140 |
| Capital outlay | - | 7,870 | 3,037 | 4,833 | 85,181 |
| Total Library | 6,184,430 | 5,892,640 | 5,736,456 | 156,184 | 5,631,355 |

(Continued)

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED) BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--------------------------|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| Public Works: | | | | | |
| Personal services | 3,674,420 | 3,932,810 | 3,807,266 | 125,544 | 3,414,232 |
| Contractual services | 5,008,860 | 4,604,930 | 4,317,247 | 287,683 | 4,386,028 |
| Materials and supplies | 471,080 | 545,160 | 464,999 | 80,161 | 376,495 |
| Capital outlay | 64,600 | 70,100 | 29,128 | 40,972 | 53,083 |
| Total Public Works | 9,218,960 | 9,153,000 | 8,618,640 | 534,360 | 8,229,838 |
| Health: | | | | | |
| Personal services | 1,254,400 | 2,289,780 | 2,137,826 | 151,954 | 1,092,386 |
| Contractual services | 569,490 | 778,910 | 700,303 | 78,607 | 512,760 |
| Materials and supplies | 45,580 | 56,210 | 49,808 | 6,402 | 39,154 |
| Capital outlay | 26,890 | 24,890 | 22,080 | 2,810 | 2,322 |
| Contingency | 94,100 | 44,100 | - | 44,100 | - |
| Total Health | 1,990,460 | 3,193,890 | 2,910,017 | 283,873 | 1,646,622 |
| Park: | | | | | |
| Personal services | 11,752,190 | 9,474,410 | 9,213,462 | 260,948 | 11,353,086 |
| Contractual services | 4,386,680 | 5,870,630 | 5,408,522 | 462,108 | 4,083,076 |
| Materials and supplies | 764,770 | 670,160 | 563,786 | 106,374 | 702,039 |
| Capital outlay | 71,570 | 10,500 | 9,664 | 836 | 36,510 |
| Other | 48,100 | 49,200 | 31,100 | 18,100 | 42,764 |
| Contingency | 368,440 | - | - | - | - |
| Total Park | 17,391,750 | 16,074,900 | 15,226,534 | 848,366 | 16,217,475 |
| General Government: | | | | | |
| Personal services | 2,045,650 | 1,941,220 | 1,832,383 | 108,837 | 2,024,301 |
| Contractual services | 568,190 | 370,050 | 349,680 | 20,370 | 436,845 |
| Materials and supplies | 61,200 | 53,790 | 45,318 | 8,472 | 58,961 |
| Capital outlay | - | - | - | - | (1,100) |
| Contingency | 690 | 690 | - | 690 | - |
| Total General Government | 2,675,730 | 2,365,750 | 2,227,381 | 138,369 | 2,519,007 |
| Non Departmental: | | | | | |
| Personal services | 1,138,000 | 73,580 | 25,710 | 47,870 | 28,473 |
| Contractual services | 1,976,630 | 1,471,800 | 1,371,094 | 100,706 | 2,419,826 |
| Materials and supplies | 67,000 | 61,050 | 12,653 | 48,397 | 35,074 |
| Capital outlay | - | - | - | - | 100,500 |
| Other | - | - | - | - | 341,700 |
| Contingency | 12,715,145 | 19,890,925 | 21,986 | 19,868,939 | 167,164 |
| Total Non Departmental | 15,896,775 | 21,497,355 | 1,431,443 | 20,065,912 | 3,092,737 |

CITY OF WICHITA, KANSAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| Public Works-Gas Tax: | | | | | |
| Personal services | 8,544,350 | 8,432,310 | 8,188,276 | 244,034 | 7,857,519 |
| Contractual services | 10,314,340 | 9,480,420 | 9,267,794 | 212,626 | 10,002,948 |
| Materials and supplies | 1,826,370 | 1,901,810 | 1,547,512 | 354,298 | 1,512,532 |
| Capital outlay | 249,240 | 164,780 | 127,330 | 37,450 | 245,964 |
| Engineering overhead | 199,980 | 160,750 | 144,143 | 16,607 | 141,836 |
| Total Public Works-Gas Tax | 21,134,280 | 20,140,070 | 19,275,055 | 865,015 | 19,760,799 |
| Total Expenditures | 164,871,255 | 165,951,305 | 141,271,890 | 24,679,415 | 141,534,315 |
| Excess (deficiency) of revenues over (under) expenditures | (6,753,005) | (7,977,245) | 5,714,258 | 13,691,503 | 5,948,107 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 3,004,340 | 3,148,530 | 3,189,193 | 40,663 | 2,262,840 |
| Transfers to other funds | (10,717,480) | (9,637,430) | (9,260,069) | 377,361 | (10,482,369) |
| Total other financing sources (uses) | (7,713,140) | (6,488,900) | (6,070,876) | 418,024 | (8,219,529) |
| Net change in fund balances | (14,466,145) | (14,466,145) | (356,618) | 14,109,527 | (2,271,422) |
| Fund balances - beginning | 23,245,577 | 21,125,686 | 21,125,686 | - | 23,397,108 |
| Fund balances - ending | \$ 8,779,432 | \$ 6,659,541 | \$ 20,769,068 | \$ 14,109,527 | \$ 21,125,686 |

CITY OF WICHITA, KANSAS

TOURISM AND CONVENTION PROMOTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--------------------------------------|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Taxes | \$ 4,541,680 | \$ 4,439,570 | \$ 4,487,555 | \$ 47,985 | \$ 4,360,960 |
| Intergovernmental | - | - | - | - | 25,000 |
| Interest earnings | 101,300 | 50,000 | 19,178 | (30,822) | 51,413 |
| Revised budget adjustment | - | 153,410 | - | (153,410) | - |
| Other | - | - | - | - | 3 |
| Total revenues | 4,642,980 | 4,642,980 | 4,506,733 | (136,247) | 4,437,376 |
| EXPENDITURES | | | | | |
| Culture and recreation: | | | | | |
| Contractual services | 1,608,990 | 1,872,040 | 1,852,475 | 19,565 | 1,915,893 |
| Materials and supplies | - | - | - | - | 62 |
| Other | - | 158,320 | - | 158,320 | - |
| Total expenditures | 1,608,990 | 2,030,360 | 1,852,475 | 177,885 | 1,915,955 |
| Excess of revenues over expenditures | 3,033,990 | 2,612,620 | 2,654,258 | 41,638 | 2,521,421 |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (3,033,960) | (2,612,590) | (2,544,220) | 68,370 | (2,706,280) |
| Total other financing (uses) | (3,033,960) | (2,612,590) | (2,544,220) | 68,370 | (2,706,280) |
| Net change in fund balances | 30 | 30 | 110,038 | 110,008 | (184,859) |
| Fund balances - beginning | 179,455 | 186,181 | 186,181 | - | 371,040 |
| Fund balances - ending | \$ 179,485 | \$ 186,211 | \$ 296,219 | \$ 110,008 | \$ 186,181 |

CITY OF WICHITA, KANSAS

DOWNTOWN TROLLEY SYSTEM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 90,040 | \$ 133,040 | \$ 120,597 | \$ (12,443) | \$ 64,055 |
| Intergovernmental | - | - | - | - | 1,866 |
| Rentals | 50,000 | 15,000 | - | (15,000) | 15,000 |
| Interest earnings | - | - | 389 | 389 | 98 |
| Revised budget adjustment | - | (8,000) | - | 8,000 | - |
| Other | - | - | - | - | 8,425 |
| Total revenues | 140,040 | 140,040 | 120,986 | (19,054) | 89,444 |
| EXPENDITURES | | | | | |
| Culture and recreation: | | | | | |
| Personal services | 110,720 | 88,310 | 78,224 | 10,086 | 91,364 |
| Contractual services | 23,210 | 37,140 | 11,597 | 25,543 | 12,071 |
| Materials and supplies | 5,180 | 14,730 | 2,535 | 12,195 | 6,152 |
| Other | 1,300 | 230 | - | 230 | - |
| Total expenditures | 140,410 | 140,410 | 92,356 | 48,054 | 109,587 |
| Excess (deficiency) of revenues over (under) expenditures | (370) | (370) | 28,630 | 29,000 | (20,143) |
| Net change in fund balances | (370) | (370) | 28,630 | 29,000 | (20,143) |
| Fund balances - beginning | 5,374 | 10,431 | 10,431 | - | 30,574 |
| Fund balances - ending | \$ 5,004 | \$ 10,061 | \$ 39,061 | \$ 29,000 | \$ 10,431 |

CITY OF WICHITA, KANSAS

SPECIAL ALCOHOL PROGRAM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Intergovernmental- | | | | | |
| private club liquor tax | \$ 1,267,570 | \$ 1,267,570 | \$ 1,303,241 | \$ 35,671 | \$ 1,250,628 |
| Interest earnings | 7,900 | 15,000 | 11,987 | (3,013) | 29,207 |
| Revised budget adjustment | - | (7,100) | - | 7,100 | - |
| Other | - | - | 7,402 | 7,402 | 6,564 |
| | | | | | |
| Total revenues | 1,275,470 | 1,275,470 | 1,322,630 | 47,160 | 1,286,399 |
| EXPENDITURES | | | | | |
| Health and welfare: | | | | | |
| Personal services | 689,222 | 689,220 | 689,222 | (2) | 1,314,842 |
| Contractual services | 310,518 | 593,360 | 577,615 | 15,745 | 437,505 |
| Materials and supplies | 32,270 | 32,270 | 32,270 | - | 65,832 |
| Capital outlay | - | - | - | - | 7,090 |
| Other | 284,250 | 1,410 | - | 1,410 | - |
| | | | | | |
| Total expenditures | 1,316,260 | 1,316,260 | 1,299,107 | 17,153 | 1,825,269 |
| | | | | | |
| Excess (deficiency) of revenues over (under) expenditures | (40,790) | (40,790) | 23,523 | 64,313 | (538,870) |
| | | | | | |
| Net change in fund balances | (40,790) | (40,790) | 23,523 | 64,313 | (538,870) |
| Fund balances - beginning | 103,413 | 357,303 | 357,303 | - | 896,173 |
| | | | | | |
| Fund balances - ending | \$ 62,623 | \$ 316,513 | \$ 380,826 | \$ 64,313 | \$ 357,303 |

CITY OF WICHITA, KANSAS

SPECIAL PARKS AND RECREATION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Intergovernmental- | | | | | |
| private club liquor tax | \$ 1,267,570 | \$ 1,267,570 | \$ 1,303,241 | \$ 35,671 | \$ 1,250,628 |
| Interest earnings | 12,040 | 5,000 | 2,895 | (2,105) | 4,690 |
| Revised budget adjustment | - | 7,040 | - | (7,040) | - |
| Total revenues | 1,279,610 | 1,279,610 | 1,306,136 | 26,526 | 1,255,318 |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (1,398,170) | (1,398,170) | (1,398,170) | - | (1,165,350) |
| Total other financing (uses) | (1,398,170) | (1,398,170) | (1,398,170) | - | (1,165,350) |
| Excess (deficiency) of revenues over (under) other financing uses | (118,560) | (118,560) | (92,034) | 26,526 | 89,968 |
| Net change in fund balances | (118,560) | (118,560) | (92,034) | 26,526 | 89,968 |
| Fund balances - beginning | 188,020 | 203,258 | 203,258 | - | 113,290 |
| Fund balances - ending | \$ 69,460 | \$ 84,698 | \$ 111,224 | \$ 26,526 | \$ 203,258 |

CITY OF WICHITA, KANSAS

ICE RINK MANAGEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|-------------------|-------------------|-------------------|---|------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 2,500,000 | \$ 2,500,000 | \$ 1,078,484 | \$ (1,421,516) | \$ 1,252,133 |
| Interest earnings | - | - | 876 | 876 | 9,185 |
| Total revenues | 2,500,000 | 2,500,000 | 1,079,360 | (1,420,640) | 1,261,318 |
| EXPENDITURES | | | | | |
| Culture and recreation: | | | | | |
| Contractual services | 2,500,000 | 2,500,000 | 1,171,075 | 1,328,925 | 1,477,833 |
| Total expenditures | 2,500,000 | 2,500,000 | 1,171,075 | 1,328,925 | 1,477,833 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | (91,715) | (91,715) | (216,515) |
| Net change in fund balances | - | - | (91,715) | (91,715) | (216,515) |
| Fund balances - beginning | 408,230 | 191,715 | 191,715 | - | 408,230 |
| Fund balances - ending | <u>\$ 408,230</u> | <u>\$ 191,715</u> | <u>\$ 100,000</u> | <u>\$ (91,715)</u> | <u>\$ 191,715</u> |

CITY OF WICHITA, KANSAS

LANDFILL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 392,000 | \$ 392,000 | \$ 383,417 | \$ (8,583) | \$ 365,927 |
| Interest earnings | 182,400 | 146,050 | 69,551 | (76,499) | 221,115 |
| Revised budget adjustment | - | 36,350 | - | (36,350) | - |
| Other | - | - | - | - | 9,906 |
| Total revenues | 574,400 | 574,400 | 452,968 | (121,432) | 596,948 |
| EXPENDITURES | | | | | |
| Sanitation: | | | | | |
| Personal services | 161,240 | 142,320 | 1,371 | 140,949 | 98,427 |
| Contractual services | 944,220 | 931,620 | 662,714 | 268,906 | 570,334 |
| Materials and supplies | 11,000 | 11,000 | 3,931 | 7,069 | 5,705 |
| Capital outlay | 335,500 | 550,000 | 471,142 | 78,858 | - |
| Other | 2,569,500 | 2,386,520 | - | 2,386,520 | - |
| Total expenditures | 4,021,460 | 4,021,460 | 1,139,158 | 2,882,302 | 674,466 |
| Excess (deficiency) of revenues over (under) expenditures | (3,447,060) | (3,447,060) | (686,190) | 2,760,870 | (77,518) |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | - | - | - | - | (2,500,000) |
| Total other financing (uses) | - | - | - | - | (2,500,000) |
| Net change in fund balances | (3,447,060) | (3,447,060) | (686,190) | 2,760,870 | (2,577,518) |
| Fund balances - beginning | 3,647,931 | 4,868,443 | 4,868,443 | - | 7,445,961 |
| Fund balances - ending | \$ 200,871 | \$ 1,421,383 | \$ 4,182,253 | \$ 2,760,870 | \$ 4,868,443 |

CITY OF WICHITA, KANSAS

LANDFILL POST CLOSURE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 100,000 | \$ - | \$ - | \$ - | \$ - |
| Rentals | 35,000 | 35,000 | 41,658 | 6,658 | 33,694 |
| Interest earnings | 1,575,880 | 958,720 | 413,095 | (545,625) | 920,724 |
| Revised budget adjustment | - | 717,160 | - | (717,160) | - |
| Other | - | - | 464,153 | 464,153 | - |
| Total revenues | 1,710,880 | 1,710,880 | 918,906 | (791,974) | 954,418 |
| EXPENDITURES | | | | | |
| Sanitation: | | | | | |
| Personal services | 132,340 | 152,690 | 169,420 | (16,730) | 93,818 |
| Contractual services | 6,841,440 | 744,370 | 423,508 | 320,862 | 1,807,476 |
| Materials and supplies | 27,600 | 27,600 | 9,191 | 18,409 | - |
| Other | 23,600,000 | 29,676,720 | - | 29,676,720 | - |
| Total expenditures | 30,601,380 | 30,601,380 | 602,119 | 29,999,261 | 1,901,294 |
| Excess (deficiency) of revenues over (under) expenditures | (28,890,500) | (28,890,500) | 316,787 | 29,207,287 | (946,876) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | - | - | - | - | 2,500,000 |
| Transfers to other funds | (1,500,000) | (1,500,000) | (1,500,000) | - | (3,000,000) |
| Total other financing sources (uses) | (1,500,000) | (1,500,000) | (1,500,000) | - | (500,000) |
| Net change in fund balances | (30,390,500) | (30,390,500) | (1,183,213) | 29,207,287 | (1,446,876) |
| Fund balances - beginning | 31,517,538 | 30,957,429 | 30,957,429 | - | 32,404,305 |
| Fund balances - ending | \$ 1,127,038 | \$ 566,929 | \$ 29,774,216 | \$ 29,207,287 | \$ 30,957,429 |

CITY OF WICHITA, KANSAS

CENTRAL INSPECTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Special assessments | \$ 3,150 | \$ 6,500 | \$ 6,130 | \$ (370) | \$ 6,031 |
| Licenses and permits | 4,172,490 | 4,287,800 | 3,870,876 | (416,924) | 4,432,280 |
| Charges for services and sales | 787,310 | 786,860 | 706,868 | (79,992) | 829,451 |
| Interest earnings | 77,400 | 62,750 | 24,023 | (38,727) | 60,361 |
| Revised budget adjustment | - | (103,560) | - | 103,560 | - |
| Other | - | - | 1,350 | 1,350 | 19,053 |
| Total revenues | 5,040,350 | 5,040,350 | 4,609,247 | (431,103) | 5,347,176 |
| EXPENDITURES | | | | | |
| Public safety: | | | | | |
| Personal services | 4,032,480 | 3,966,480 | 3,960,325 | 6,155 | 3,771,106 |
| Contractual services | 967,370 | 984,670 | 974,838 | 9,832 | 952,920 |
| Materials and supplies | 34,170 | 34,720 | 23,446 | 11,274 | 31,241 |
| Capital outlay | 1,370 | 1,370 | - | 1,370 | - |
| Other | 646,520 | 677,310 | - | 677,310 | 20,000 |
| Total expenditures | 5,681,910 | 5,664,550 | 4,958,609 | 705,941 | 4,775,267 |
| Excess (deficiency) of revenues over (under) expenditures | (641,560) | (624,200) | (349,362) | 274,838 | 571,909 |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (91,880) | (109,240) | (109,240) | - | (436,390) |
| Total other financing (uses) | (91,880) | (109,240) | (109,240) | - | (436,390) |
| Net change in fund balances | (733,440) | (733,440) | (458,602) | 274,838 | 135,519 |
| Fund balances - beginning | 1,548,047 | 1,960,696 | 1,960,696 | - | 1,825,177 |
| Fund balances - ending | \$ 814,607 | \$ 1,227,256 | \$ 1,502,094 | \$ 274,838 | \$ 1,960,696 |

CITY OF WICHITA, KANSAS

ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|-------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Interest earnings | \$ 25,000 | \$ 25,000 | \$ 28,078 | \$ 3,078 | \$ 26,099 |
| Other | 315,000 | 290,000 | 460,853 | 170,853 | 673,991 |
| Total revenues | 340,000 | 315,000 | 488,931 | 173,931 | 700,090 |
| EXPENDITURES | | | | | |
| General government: | | | | | |
| Personal services | 240,430 | 250,640 | 247,491 | 3,149 | 230,406 |
| Contractual services | 1,850,540 | 3,721,880 | 3,376,233 | 345,647 | 3,529,079 |
| Materials and supplies | 5,000 | 4,500 | 566 | 3,934 | 5,017 |
| Other | 110,000 | 190,000 | - | 190,000 | - |
| Total expenditures | 2,205,970 | 4,167,020 | 3,624,290 | 542,730 | 3,764,502 |
| Excess (deficiency) of revenues over (under) expenditures | (1,865,970) | (3,852,020) | (3,135,359) | 716,661 | (3,064,412) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | 1,800,000 | 2,700,000 | 2,700,000 | - | 3,300,000 |
| Total other financing sources | 1,800,000 | 2,700,000 | 2,700,000 | - | 3,300,000 |
| Net change in fund balances | (65,970) | (1,152,020) | (435,359) | 716,661 | 235,588 |
| Fund balances - beginning | 102,148 | 1,322,306 | 1,322,306 | - | 1,086,718 |
| Fund balances - ending | \$ 36,178 | \$ 170,286 | \$ 886,947 | \$ 716,661 | \$ 1,322,306 |

CITY OF WICHITA, KANSAS

SALES TAX CONSTRUCTION PLEDGE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|---------------|----------------|---|------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Local sales tax | \$ 21,265,550 | \$ 20,476,050 | \$ 19,867,702 | \$ (608,348) | \$ 20,476,052 |
| Interest earnings | 213,590 | 199,290 | 49,845 | (149,445) | 117,786 |
| Revised budget adjustment | - | 803,800 | - | (803,800) | - |
| Total revenues | 21,479,140 | 21,479,140 | 19,917,547 | (1,561,593) | 20,593,838 |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (22,269,380) | (22,269,380) | (19,882,650) | 2,386,730 | (19,602,625) |
| Total other financing (uses) | (22,269,380) | (22,269,380) | (19,882,650) | 2,386,730 | (19,602,625) |
| Excess (deficiency) of revenues over (under) other financing uses | (790,240) | (790,240) | 34,897 | 825,137 | 991,213 |
| Net change in fund balances | (790,240) | (790,240) | 34,897 | 825,137 | 991,213 |
| Fund balances - beginning | 1,795,598 | 4,558,741 | 4,558,741 | - | 3,567,528 |
| Fund balances - ending | \$ 1,005,358 | \$ 3,768,501 | \$ 4,593,638 | \$ 825,137 | \$ 4,558,741 |

CITY OF WICHITA, KANSAS

PROPERTY MANAGEMENT OPERATIONS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 312,800 | \$ 387,800 | \$ 283,580 | \$ (104,220) | \$ 279,402 |
| Rentals | 704,580 | 629,580 | 955,721 | 326,141 | 1,191,740 |
| Interest earnings | 52,680 | 52,680 | 25,712 | (26,968) | 50,191 |
| Other | 31,000 | 31,000 | 136,751 | 105,751 | 29,141 |
| Total revenues | 1,101,060 | 1,101,060 | 1,401,764 | 300,704 | 1,550,474 |
| EXPENDITURES | | | | | |
| General government: | | | | | |
| Personal services | 301,480 | 236,690 | 176,986 | 59,704 | 266,615 |
| Contractual services | 956,770 | 982,810 | 892,932 | 89,878 | 845,948 |
| Materials and supplies | 30,760 | 30,040 | 15,800 | 14,240 | 9,459 |
| Capital outlay | 414,080 | 324,080 | 12,021 | 312,059 | - |
| Other | - | 129,470 | - | 129,470 | - |
| Total expenditures | 1,703,090 | 1,703,090 | 1,097,739 | 605,351 | 1,122,022 |
| Excess (deficiency) of revenues over (under) expenditures | (602,030) | (602,030) | 304,025 | 906,055 | 428,452 |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (128,180) | (128,180) | (128,180) | - | (160,829) |
| Total other financing (uses) | (128,180) | (128,180) | (128,180) | - | (160,829) |
| Net change in fund balances | (730,210) | (730,210) | 175,845 | 906,055 | 267,623 |
| Fund balances - beginning | 812,269 | 1,602,252 | 1,602,252 | - | 1,334,629 |
| Fund balances - ending | \$ 82,059 | \$ 872,042 | \$ 1,778,097 | \$ 906,055 | \$ 1,602,252 |

CITY OF WICHITA, KANSAS

STATE OFFICE BUILDING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 52,000 | \$ 20,000 | \$ 11,498 | \$ (8,502) | \$ 14,595 |
| Rentals | 1,085,960 | 1,085,960 | 900,554 | (185,406) | 990,163 |
| Interest earnings | 30,000 | 18,000 | 7,764 | (10,236) | 16,281 |
| Revised budget adjustment | - | 44,000 | - | (44,000) | - |
| Other | - | - | 3,725 | 3,725 | 95,598 |
| | | | | | |
| Total revenues | 1,167,960 | 1,167,960 | 923,541 | (244,419) | 1,116,637 |
| EXPENDITURES | | | | | |
| General government: | | | | | |
| Personal services | 149,340 | 145,990 | 140,924 | 5,066 | 153,000 |
| Contractual services | 981,460 | 983,020 | 743,884 | 239,136 | 857,271 |
| Materials and supplies | 50,630 | 50,630 | 43,665 | 6,965 | 45,503 |
| Other | 400,000 | 401,790 | 5,749 | 396,041 | 7,297 |
| | | | | | |
| Total expenditures | 1,581,430 | 1,581,430 | 934,222 | 647,208 | 1,063,071 |
| | | | | | |
| Excess (deficiency) of revenues over (under) expenditures | (413,470) | (413,470) | (10,681) | 402,789 | 53,566 |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | - | - | 131,003 | 131,003 | - |
| | | | | | |
| Total other financing sources | - | - | 131,003 | 131,003 | - |
| | | | | | |
| Net change in fund balances | (413,470) | (413,470) | 120,322 | 533,792 | 53,566 |
| Fund balances - beginning | 473,247 | 618,043 | 618,043 | - | 564,477 |
| | | | | | |
| Fund balances - ending | \$ 59,777 | \$ 204,573 | \$ 738,365 | \$ 533,792 | \$ 618,043 |

CITY OF WICHITA, KANSAS

GILBERT/ MOSLEY TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Taxes | \$ 2,670,040 | \$ 2,600,000 | \$ 2,555,336 | \$ (44,664) | \$ 2,432,977 |
| Intergovernmental | 260,000 | 260,000 | 260,000 | - | 260,000 |
| Interest earnings | 64,190 | 35,730 | 18,515 | (17,215) | 65,679 |
| Revised budget adjustment | - | 3,598,500 | - | (3,598,500) | - |
| Other | 3,500,000 | - | - | - | 100,000 |
| Total revenues | 6,494,230 | 6,494,230 | 2,833,851 | (3,660,379) | 2,858,656 |
| EXPENDITURES | | | | | |
| Health and welfare: | | | | | |
| Personal services | 108,300 | 30,390 | - | 30,390 | 9,629 |
| Contractual services | 1,332,590 | 2,067,630 | 2,069,330 | (1,700) | 3,114,877 |
| Materials and supplies | 24,950 | 24,950 | 12,252 | 12,698 | 13,169 |
| Total expenditures | 1,465,840 | 2,122,970 | 2,081,582 | 41,388 | 3,137,675 |
| Excess (deficiency) of revenues over (under) expenditures | 5,028,390 | 4,371,260 | 752,269 | (3,618,991) | (279,019) |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (2,200,690) | (1,543,560) | (886,560) | 657,000 | (729,330) |
| Total other financing (uses) | (2,200,690) | (1,543,560) | (886,560) | 657,000 | (729,330) |
| Net change in fund balances | 2,827,700 | 2,827,700 | (134,291) | (2,961,991) | (1,008,349) |
| Fund balances - beginning | 2,638,552 | 1,084,513 | 1,084,513 | - | 2,092,862 |
| Fund balances - ending | \$ 5,466,252 | \$ 3,912,213 | \$ 950,222 | \$ (2,961,991) | \$ 1,084,513 |

CITY OF WICHITA, KANSAS

NORTH INDUSTRIAL CORRIDOR TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Taxes | \$ 1,165,300 | \$ 1,165,300 | \$ 1,127,662 | \$ (37,638) | \$ 1,138,032 |
| Interest earnings | 38,900 | 65,000 | 35,122 | (29,878) | 47,407 |
| Revised budget adjustment | - | 1,973,900 | - | (1,973,900) | - |
| Other | 2,000,000 | - | 50 | 50 | 1,033 |
| Total revenues | 3,204,200 | 3,204,200 | 1,162,834 | (2,041,366) | 1,186,472 |
| EXPENDITURES | | | | | |
| Health and welfare: | | | | | |
| Contractual services | 1,947,970 | 1,160,720 | 382,091 | 778,629 | 427,242 |
| Materials and supplies | 3,250 | 3,250 | 692 | 2,558 | 397 |
| Revised budget adjustment | - | 787,250 | - | 787,250 | - |
| Total expenditures | 1,951,220 | 1,951,220 | 382,783 | 1,568,437 | 427,639 |
| Excess (deficiency) of revenues over (under) expenditures | 1,252,980 | 1,252,980 | 780,051 | (472,929) | 758,833 |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | - | - | - | - | 190,000 |
| Total other financing (uses) | - | - | - | - | 190,000 |
| Net change in fund balances | 1,252,980 | 1,252,980 | 780,051 | (472,929) | 948,833 |
| Fund balances - beginning | 1,114,219 | 1,713,361 | 1,713,361 | - | 764,528 |
| Fund balances - ending | \$ 2,367,199 | \$ 2,966,341 | \$ 2,493,412 | \$ (472,929) | \$ 1,713,361 |

CITY OF WICHITA, KANSAS

EAST BANK TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|-------------------------------|------------------|------------|----------------|---|------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Taxes | \$ 3,800 | \$ 105,970 | \$ 479,859 | \$ 373,889 | \$ 88,749 |
| Intergovernmental | 1,200 | - | - | - | 17,470 |
| Interest earnings | - | 1,000 | 5,599 | 4,599 | 2,014 |
| Revised budget adjustment | - | (101,970) | - | 101,970 | - |
| Total revenues | 5,000 | 5,000 | 485,458 | 480,458 | 108,233 |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (5,000) | (5,000) | (5,000) | - | (4,950) |
| Total other financing (uses) | (5,000) | (5,000) | (5,000) | - | (4,950) |
| Net change in fund balances | - | - | 480,458 | 480,458 | 103,283 |
| Fund balances - beginning | - | 103,283 | 103,283 | - | - |
| Fund balances - ending | \$ - | \$ 103,283 | \$ 583,741 | \$ 480,458 | \$ 103,283 |

CITY OF WICHITA, KANSAS

OLD TOWN TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Taxes | \$ 283,370 | \$ 398,730 | \$ 363,813 | \$ (34,917) | \$ 323,605 |
| Intergovernmental | 65,010 | - | - | - | 65,009 |
| Interest earnings | 11,190 | 11,190 | 7,572 | (3,618) | 10,718 |
| Revised budget adjustment | - | (50,350) | - | 50,350 | - |
| Total revenues | 359,570 | 359,570 | 371,385 | 11,815 | 399,332 |
| EXPENDITURES | | | | | |
| General government: | | | | | |
| Contractual services | 50,000 | 50,000 | 39,210 | 10,790 | 58,325 |
| Materials and supplies | - | - | - | - | 6,919 |
| Other | 8,150 | 8,150 | - | 8,150 | - |
| Total expenditures | 58,150 | 58,150 | 39,210 | 18,940 | 65,244 |
| Excess (deficiency) of revenues over (under) expenditures | 301,420 | 301,420 | 332,175 | 30,755 | 334,088 |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (163,010) | (163,010) | (163,010) | - | (144,210) |
| Total other financing (uses) | (163,010) | (163,010) | (163,010) | - | (144,210) |
| Net change in fund balances | 138,410 | 138,410 | 169,165 | 30,755 | 189,878 |
| Fund balances - beginning | 274,452 | 337,060 | 337,060 | - | 147,182 |
| Fund balances - ending | \$ 412,862 | \$ 475,470 | \$ 506,225 | \$ 30,755 | \$ 337,060 |

CITY OF WICHITA, KANSAS

21ST & GROVE TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|-------------------------------|------------------|------------------|-----------------|---|------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Taxes | \$ 15,440 | \$ 32,330 | \$ 18,903 | \$ (13,427) | \$ 24,059 |
| Intergovernmental | 6,330 | - | - | - | 8,769 |
| Interest earnings | - | 600 | 329 | (271) | 659 |
| Revised budget adjustment | - | (11,160) | - | 11,160 | - |
| Total revenues | 21,770 | 21,770 | 19,232 | (2,538) | 33,487 |
| OTHER FINANCING (USES) | | | | | |
| Transfers to other funds | (21,770) | (21,770) | (21,770) | - | (21,790) |
| Total other financing (uses) | (21,770) | (21,770) | (21,770) | - | (21,790) |
| Net change in fund balances | - | - | (2,538) | (2,538) | 11,697 |
| Fund balances - beginning | 3 | 11,700 | 11,700 | - | 3 |
| Fund balances - ending | <u>\$ 3</u> | <u>\$ 11,700</u> | <u>\$ 9,162</u> | <u>\$ (2,538)</u> | <u>\$ 11,700</u> |

CITY OF WICHITA, KANSAS

SELF SUPPORTING MUNICIPAL IMPROVEMENT DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|------------|----------------|---|------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Taxes | \$ 495,000 | \$ 495,000 | \$ 519,887 | \$ 24,887 | \$ 444,921 |
| Other | - | - | - | - | 21,518 |
| Total revenues | 495,000 | 495,000 | 519,887 | 24,887 | 466,439 |
| EXPENDITURES | | | | | |
| General government: | | | | | |
| Contractual services | 495,000 | 495,000 | 495,000 | - | 467,338 |
| Total expenditures | 495,000 | 495,000 | 495,000 | - | 467,338 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 24,887 | 24,887 | (899) |
| Net change in fund balances | - | - | 24,887 | 24,887 | (899) |
| Fund balances - beginning | 899 | - | - | - | 899 |
| Fund balances - ending | \$ 899 | \$ - | \$ 24,887 | \$ 24,887 | \$ - |

CITY OF WICHITA, KANSAS

CITY/COUNTY FLOOD CONTROL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 745,120 | \$ 703,070 | \$ 604,828 | \$ (98,242) | \$ 685,083 |
| Revised budget adjustment | - | 84,100 | - | (84,100) | - |
| Other | - | - | 42 | 42 | 5,820 |
| Total revenues | 745,120 | 787,170 | 604,870 | (182,300) | 690,903 |
| EXPENDITURES | | | | | |
| Public safety: | | | | | |
| Personal services | 847,580 | 867,810 | 754,558 | 113,252 | 831,651 |
| Contractual services | 484,090 | 416,770 | 395,695 | 21,075 | 430,767 |
| Materials and supplies | 152,570 | 115,560 | 59,348 | 56,212 | 107,689 |
| Capital outlay | 6,000 | 6,000 | 97 | 5,903 | 5,879 |
| Revised budget adjustment | - | 84,100 | - | 84,100 | - |
| Total expenditures | 1,490,240 | 1,490,240 | 1,209,698 | 280,542 | 1,375,986 |
| Excess (deficiency) of revenues over (under) expenditures | (745,120) | (703,070) | (604,828) | 98,242 | (685,083) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | 745,120 | 703,070 | 604,828 | (98,242) | 685,083 |
| | 745,120 | 703,070 | 604,828 | (98,242) | 685,083 |
| Net change in fund balances | - | - | - | - | - |
| Fund balances - beginning | - | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - | \$ - |

CITY OF WICHITA, KANSAS

CITY/COUNTY METROPOLITAN PLANNING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 717,170 | \$ 614,190 | \$ 531,510 | \$ (82,680) | \$ 591,820 |
| Charges for services and sales | 243,660 | 249,090 | 303,513 | 54,423 | 281,519 |
| Interest earnings | 3,900 | - | - | - | - |
| Revised budget adjustment | - | 187,930 | - | (187,930) | - |
| Other | - | - | - | - | 1,058 |
| Total revenues | 964,730 | 1,051,210 | 835,023 | (216,187) | 874,397 |
| EXPENDITURES | | | | | |
| General government: | | | | | |
| Personal services | 1,402,550 | 1,186,490 | 1,111,707 | 74,783 | 1,237,277 |
| Contractual services | 232,850 | 270,330 | 227,987 | 42,343 | 212,509 |
| Materials and supplies | 17,400 | 17,400 | 15,418 | 1,982 | 16,431 |
| Capital outlay | 12,600 | 12,600 | 11,422 | 1,178 | - |
| Revised budget adjustment | - | 178,580 | - | 178,580 | - |
| Total expenditures | 1,665,400 | 1,665,400 | 1,366,534 | 298,866 | 1,466,217 |
| Excess (deficiency) of revenues over (under) expenditures | (700,670) | (614,190) | (531,511) | 82,679 | (591,820) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | 700,670 | 614,190 | 531,511 | (82,679) | 591,820 |
| Total other financing sources | 700,670 | 614,190 | 531,511 | (82,679) | 591,820 |
| Net change in fund balances | - | - | - | - | - |
| Fund balances - beginning | - | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - | \$ - |

CITY OF WICHITA, KANSAS

CITY/COUNTY ENVIRONMENTAL HEALTH FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|-----------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ - | \$ - | \$ - | \$ - | \$ 423,850 |
| Interest earnings | - | - | - | - | 532 |
| Revised budget adjustment | - | 1,611,520 | - | (1,611,520) | - |
| Other | 1,611,520 | - | 27,980 | 27,980 | 110 |
| Total revenues | 1,611,520 | 1,611,520 | 27,980 | (1,583,540) | 424,492 |
| EXPENDITURES | | | | | |
| Health and welfare: | | | | | |
| Personal services | 1,259,310 | - | - | - | 1,121,200 |
| Contractual services | 255,350 | - | - | - | 236,970 |
| Materials and supplies | 11,120 | - | - | - | 10,806 |
| Capital outlay | - | - | - | - | 29,539 |
| Other | 85,740 | - | - | - | - |
| Revised budget adjustment | - | 1,611,520 | - | 1,611,520 | - |
| Total expenditures | 1,611,520 | 1,611,520 | - | 1,611,520 | 1,398,515 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 27,980 | 27,980 | (974,023) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | - | - | - | - | 1,164,380 |
| Transfers to other funds | - | - | (132,597) | (132,597) | (85,740) |
| Total other financing sources (uses) | - | - | (132,597) | (132,597) | 1,078,640 |
| Net change in fund balances | - | - | (104,617) | (104,617) | 104,617 |
| Fund balances - beginning | - | - | 104,617 | 104,617 | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - | \$ 104,617 |

CITY OF WICHITA, KANSAS

ART MUSEUM BOARD FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|-------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Interest earnings | \$ - | \$ 2,100 | \$ 3,092 | \$ 992 | \$ 23,442 |
| Revised budget adjustment | - | 95,380 | - | (95,380) | - |
| Total revenues | - | 97,480 | 3,092 | (94,388) | 23,442 |
| EXPENDITURES | | | | | |
| Culture and recreation: | | | | | |
| Personal services | 1,026,130 | 948,140 | 944,880 | 3,260 | 796,516 |
| Contractual services | 369,240 | 351,850 | 351,556 | 294 | 395,988 |
| Other | - | 95,380 | - | 95,380 | - |
| Total expenditures | 1,395,370 | 1,395,370 | 1,296,436 | 98,934 | 1,192,504 |
| Excess (deficiency) of revenues over (under) expenditures | (1,395,370) | (1,297,890) | (1,293,344) | 4,546 | (1,169,062) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | 1,395,370 | 1,297,890 | 1,297,890 | - | 1,172,710 |
| Total other financing sources | 1,395,370 | 1,297,890 | 1,297,890 | - | 1,172,710 |
| Net change in fund balances | - | - | 4,546 | 4,546 | 3,648 |
| Fund balances - beginning | 7,572 | 87,249 | 87,249 | - | 83,601 |
| Fund balances - ending | \$ 7,572 | \$ 87,249 | \$ 91,795 | \$ 4,546 | \$ 87,249 |

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|---------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Property taxes | \$ 21,725,250 | \$ 21,725,250 | \$ 22,135,421 | \$ 410,171 | \$ 21,209,687 |
| Delinquent property taxes | 445,230 | 445,230 | 516,141 | 70,911 | 491,531 |
| Special assessments | 23,406,000 | 23,562,120 | 23,465,344 | (96,776) | 23,947,554 |
| Delinquent special assessments | 1,280,070 | 1,310,720 | 1,577,154 | 266,434 | 1,757,314 |
| Motor vehicle tax | 3,508,490 | 3,535,430 | 3,526,033 | (9,397) | 3,534,979 |
| Interest earnings | 500,000 | 1,000,000 | 698,547 | (301,453) | 709,690 |
| Other | - | - | 372,376 | 372,376 | 435,606 |
| Revised budget adjustment | - | (3,023,870) | - | 3,023,870 | - |
| Total revenues | 50,865,040 | 48,554,880 | 52,291,016 | 3,736,136 | 52,086,361 |
| EXPENDITURES | | | | | |
| Debt service: | | | | | |
| Interest on general obligation bonds | 3,511,020 | 7,387,970 | 6,968,794 | 419,176 | 6,081,836 |
| Interest on special assessment bonds | 6,697,160 | 7,512,730 | 7,512,729 | 1 | 7,843,706 |
| Interest on HUD Section 108 loan | 174,230 | 174,230 | 174,233 | (3) | 184,223 |
| Commission, postage and refunds | 117,390 | 45,360 | - | 45,360 | - |
| Retirement of general obligation bonds | 22,198,290 | 21,286,290 | 24,756,278 | (3,469,988) | 22,304,607 |
| Retirement of special assessment bonds | 16,784,000 | 15,485,000 | 15,485,000 | - | 15,695,000 |
| Retirement of HUD Section 108 loan | 195,000 | 195,000 | 195,000 | - | 185,000 |
| Other | - | - | 117,243 | (117,243) | - |
| Revised budget adjustment | - | 5,510 | - | 5,510 | - |
| Total expenditures | 49,677,090 | 52,092,090 | 55,209,277 | (3,117,187) | 52,294,372 |
| Excess (deficiency) of revenues over (under) expenditures | 1,187,950 | (3,537,210) | (2,918,261) | 618,949 | (208,011) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Premiums on bonds sold | - | - | 395,112 | 395,112 | 1,524,273 |
| Transfers from other funds | 10,475,580 | 12,785,740 | 10,832,846 | (1,952,894) | 13,354,237 |
| Transfers to other funds - retirement of temporary notes | (12,965,000) | (10,550,000) | (2,102,804) | 8,447,196 | (984,314) |
| Total other financing sources (uses) | (2,489,420) | 2,235,740 | 9,125,154 | 6,889,414 | 13,894,196 |
| Net change in fund balances | (1,301,470) | (1,301,470) | 6,206,893 | 7,508,363 | 13,686,185 |
| Fund balances - beginning | 4,301,733 | 20,079,218 | 20,079,218 | - | 6,393,033 |
| Fund balances - ending | \$ 3,000,263 | \$ 18,777,748 | \$ 26,286,111 | \$ 7,508,363 | \$ 20,079,218 |

—— ENTERPRISE FUNDS ——

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position. The following nonmajor Enterprise Funds are reported:

Storm Water Utility - administers the acquisition, design, construction, maintenance and operation of the City's drainage system.

Golf Course System - provides the public five suitable golf facilities on a self-sustaining basis.

Wichita Transit - provides economical bus service through regular route services and special charter services.

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR ENTERPRISE FUNDS

December 31, 2003
(with comparative totals for December 31, 2002)

| | Storm Water Utility | Golf Course System | Wichita Transit | Totals | |
|--|------------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | | | | 2003 | 2002 |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and temporary investments | \$ 2,605,707 | \$ 493,450 | \$ 1,263,660 | \$ 4,362,817 | \$ 5,202,431 |
| Receivables, net | 207,137 | - | 115,327 | 322,464 | 189,268 |
| Due from other funds | - | - | 11,346 | 11,346 | - |
| Due from other agencies | - | - | 641,724 | 641,724 | 719,414 |
| Inventories | 21,384 | - | 299,753 | 321,137 | 354,925 |
| Total current assets | <u>2,834,228</u> | <u>493,450</u> | <u>2,331,810</u> | <u>5,659,488</u> | <u>6,466,038</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land | 1,760,420 | 631,534 | 1,906,816 | 4,298,770 | 4,051,180 |
| Buildings | 2,428,303 | 2,765,591 | 8,634,742 | 13,828,636 | 13,522,396 |
| Improvements other than buildings | 67,143,144 | 14,202,084 | 342,181 | 81,687,409 | 70,928,735 |
| Machinery, equipment and other assets | 2,784,813 | 1,667,832 | 16,563,297 | 21,015,942 | 22,866,767 |
| Construction in progress | 4,367,667 | 72,766 | 1,303,527 | 5,743,960 | 10,484,267 |
| Less accumulated depreciation | (6,894,116) | (5,834,583) | (7,503,393) | (20,232,092) | (19,913,760) |
| Total capital assets (net of accumulated depreciation) | <u>71,590,231</u> | <u>13,505,224</u> | <u>21,247,170</u> | <u>106,342,625</u> | <u>101,939,585</u> |
| Total noncurrent assets | <u>71,590,231</u> | <u>13,505,224</u> | <u>21,247,170</u> | <u>106,342,625</u> | <u>101,939,585</u> |
| Total assets | <u>\$ 74,424,459</u> | <u>\$ 13,998,674</u> | <u>\$ 23,578,980</u> | <u>\$ 112,002,113</u> | <u>\$ 108,405,623</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 73,705 | \$ 99,390 | \$ 230,281 | \$ 403,376 | \$ 336,033 |
| Accrued interest payable | 25,563 | 30,121 | 71 | 55,755 | 70,469 |
| Temporary notes payable | 225,900 | - | - | 225,900 | 3,209,700 |
| Deposits | - | 968 | - | 968 | 542 |
| Current portion of long-term obligations: | | | | | |
| General obligation bonds payable | 1,751,320 | 633,982 | 16,010 | 2,401,312 | 2,138,992 |
| Compensated absences | 65,438 | 69,973 | 133,837 | 269,248 | 273,440 |
| Total current liabilities | <u>2,141,926</u> | <u>834,434</u> | <u>380,199</u> | <u>3,356,559</u> | <u>6,029,176</u> |
| Noncurrent liabilities: | | | | | |
| General obligation bonds payable | 5,725,340 | 6,380,504 | - | 12,105,844 | 11,685,496 |
| Compensated absences | 9,063 | 10,867 | 13,359 | 33,289 | 44,182 |
| Total noncurrent liabilities | <u>5,734,403</u> | <u>6,391,371</u> | <u>13,359</u> | <u>12,139,133</u> | <u>11,729,678</u> |
| Total liabilities | <u>7,876,329</u> | <u>7,225,805</u> | <u>393,558</u> | <u>15,495,692</u> | <u>17,758,854</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 63,862,108 | 6,460,617 | 21,231,089 | 91,553,814 | 84,834,928 |
| Restricted for capital projects | - | - | 4,754 | 4,754 | 10,512 |
| Unrestricted | 2,686,022 | 312,252 | 1,949,579 | 4,947,853 | 5,801,329 |
| Total net assets | <u>66,548,130</u> | <u>6,772,869</u> | <u>23,185,422</u> | <u>96,506,421</u> | <u>90,646,769</u> |
| Total liabilities and net assets | <u>\$ 74,424,459</u> | <u>\$ 13,998,674</u> | <u>\$ 23,578,980</u> | <u>\$ 112,002,113</u> | <u>\$ 108,405,623</u> |

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Storm Water Utility | Golf Course System | Wichita Transit | Totals | |
|--|------------------------|-----------------------|----------------------|----------------------|----------------------|
| | | | | 2003 | 2002 |
| OPERATING REVENUES | | | | | |
| Charges for services and sales | \$ 5,325,696 | \$ 151,982 | \$ 1,601,494 | \$ 7,079,172 | \$ 6,677,772 |
| Fees | - | 2,850,133 | - | 2,850,133 | 2,834,324 |
| Rentals | - | 477,084 | 17,133 | 494,217 | 399,302 |
| Other | 1 | 2,419 | 26,283 | 28,703 | 35,962 |
| Total operating revenues | <u>5,325,697</u> | <u>3,481,618</u> | <u>1,644,910</u> | <u>10,452,225</u> | <u>9,947,360</u> |
| OPERATING EXPENSES | | | | | |
| Personal services | 1,582,828 | 1,221,431 | 4,977,963 | 7,782,222 | 7,894,926 |
| Contractual services | 849,928 | 924,879 | 1,743,296 | 3,518,103 | 3,138,320 |
| Materials and supplies | 151,759 | 477,209 | 875,913 | 1,504,881 | 1,373,081 |
| Administrative charges | 51,020 | 66,540 | 259,140 | 376,700 | 366,840 |
| Payments in lieu of franchise fees | 159,020 | - | - | 159,020 | 159,020 |
| Depreciation | 1,044,296 | 964,323 | 1,972,891 | 3,981,510 | 3,860,712 |
| Total operating expenses | <u>3,838,851</u> | <u>3,654,382</u> | <u>9,829,203</u> | <u>17,322,436</u> | <u>16,792,899</u> |
| Operating income (loss) | <u>1,486,846</u> | <u>(172,764)</u> | <u>(8,184,293)</u> | <u>(6,870,211)</u> | <u>(6,845,539)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Operating grants | - | - | 2,547,646 | 2,547,646 | 2,784,073 |
| Interest on investments | 32,260 | 13,773 | 16,619 | 62,652 | 111,352 |
| Other revenues (expenses) | - | - | (20,000) | (20,000) | (158,340) |
| Interest expense | (316,366) | (394,659) | (2,537) | (713,562) | (733,246) |
| Proceeds from sale of assets | (17,403) | (2,996) | (57,515) | (77,914) | (92,928) |
| Total nonoperating revenues (expenses) | <u>(301,509)</u> | <u>(383,882)</u> | <u>2,484,213</u> | <u>1,798,822</u> | <u>1,910,911</u> |
| Income (loss) before contributions and transfers | 1,185,337 | (556,646) | (5,700,080) | (5,071,389) | (4,934,628) |
| Capital contributions and operating transfers: | | | | | |
| Capital contributions | 4,572,224 | 668,391 | 2,053,952 | 7,294,567 | 11,648,499 |
| Transfers from other funds | 343,000 | - | 3,475,080 | 3,818,080 | 4,790,288 |
| Transfers to other funds | <u>-</u> | <u>(29,050)</u> | <u>(152,556)</u> | <u>(181,606)</u> | <u>(25,000)</u> |
| Change in net assets | 6,100,561 | 82,695 | (323,604) | 5,859,652 | 11,479,159 |
| Total net assets - beginning | <u>60,447,569</u> | <u>6,690,174</u> | <u>23,509,026</u> | <u>90,646,769</u> | <u>79,167,610</u> |
| Total net assets - ending | <u>\$ 66,548,130</u> | <u>\$ 6,772,869</u> | <u>\$ 23,185,422</u> | <u>\$ 96,506,421</u> | <u>\$ 90,646,769</u> |

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Storm Water Utility | Golf Course System | Wichita Transit | Totals | |
|---|------------------------|-----------------------|---------------------|---------------------|---------------------|
| | | | | 2003 | 2002 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 5,211,994 | \$ 3,479,625 | \$ 1,587,787 | \$ 10,279,406 | \$ 10,055,857 |
| Cash payments to suppliers for goods and services | (1,021,165) | (1,446,872) | (2,850,516) | (5,318,553) | (5,323,199) |
| Cash payments to employees for services | (1,587,248) | (1,221,787) | (4,988,272) | (7,797,307) | (7,885,040) |
| Payment in lieu of franchise fees | (159,020) | - | - | (159,020) | (159,020) |
| Other operating revenues | 1 | 2,419 | 26,283 | 28,703 | 1,379 |
| Net cash provided by (used in) operating activities | <u>2,444,562</u> | <u>813,385</u> | <u>(6,224,718)</u> | <u>(2,966,771)</u> | <u>(3,310,023)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Operating grant received | - | - | 2,674,226 | 2,674,226 | 2,358,549 |
| Transfers from other funds | 343,000 | - | 3,475,080 | 3,818,080 | 4,790,288 |
| Transfers to other funds | - | (29,050) | (25,000) | (54,050) | (25,000) |
| Net cash provided by noncapital financing activities | <u>343,000</u> | <u>(29,050)</u> | <u>6,124,306</u> | <u>6,438,256</u> | <u>7,123,837</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Payment of temporary notes | (2,983,800) | - | - | (2,983,800) | - |
| Proceeds from capital debt | 2,821,660 | - | - | 2,821,660 | 2,959,700 |
| Additions to property, plant and equipment | (1,233,091) | (114,185) | (1,967,427) | (3,314,703) | (10,983,439) |
| Debt service - principal | (1,390,000) | (667,982) | (81,010) | (2,138,992) | (2,073,992) |
| Debt service - interest | (314,128) | (397,822) | (2,874) | (714,824) | (741,388) |
| Proceeds from sale of assets | (17,403) | (2,996) | (57,515) | (77,914) | (92,928) |
| Capital contributed by local government | 33,458 | - | 28,113 | 61,571 | 590,044 |
| Capital contributed by other government | - | - | 407,646 | 407,646 | 2,067,625 |
| Capital grants received | - | - | 1,565,605 | 1,565,605 | 7,250,662 |
| Net cash provided by (used in) capital and related financing activities | <u>(3,083,304)</u> | <u>(1,182,985)</u> | <u>(107,462)</u> | <u>(4,373,751)</u> | <u>(1,023,716)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest on investments | 32,260 | 13,773 | 16,619 | 62,652 | 111,352 |
| Net cash provided by investing activities | <u>32,260</u> | <u>13,773</u> | <u>16,619</u> | <u>62,652</u> | <u>111,352</u> |
| Net increase (decrease) in cash and temporary investments | (263,482) | (384,877) | (191,255) | (839,614) | 2,901,450 |
| Cash and temporary investments - January 1 | <u>2,869,189</u> | <u>878,327</u> | <u>1,454,915</u> | <u>5,202,431</u> | <u>2,300,981</u> |
| Cash and temporary investments - December 31 | <u>\$ 2,605,707</u> | <u>\$ 493,450</u> | <u>\$ 1,263,660</u> | <u>\$ 4,362,817</u> | <u>\$ 5,202,431</u> |

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Storm Water Utility | Golf Course System | Wichita Transit | Totals | |
|--|------------------------|-----------------------|--------------------|----------------|----------------|
| | | | | 2003 | 2002 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 1,486,846 | \$ (172,764) | \$ (8,184,293) | \$ (6,870,211) | \$ (6,845,539) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 1,044,296 | 964,323 | 1,972,891 | 3,981,510 | 3,860,712 |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | (113,702) | - | (30,840) | (144,542) | 109,856 |
| (Increase) decrease in inventory | 8,611 | - | 25,177 | 33,788 | (6,084) |
| Increase in accounts payable/accrued expenses | 22,931 | 21,756 | 2,656 | 47,343 | (438,874) |
| Increase in deposits | - | 426 | - | 426 | 20 |
| Increase (decrease) in compensated absences | (4,420) | (356) | (10,309) | (15,085) | 9,886 |
| Total adjustments | 957,716 | 986,149 | 1,959,575 | 3,903,440 | 3,535,516 |
| Net cash provided by (used in) operating activities | \$ 2,444,562 | \$ 813,385 | \$ (6,224,718) | \$ (2,966,771) | \$ (3,310,023) |

Supplemental Schedule of Non-Cash Investing and Financing Activities

| | | | | | |
|--|--------------|------------|-----------|--------------|--------------|
| Assets contributed by benefit districts | \$ 4,133,325 | \$ 590,751 | \$ - | \$ 4,724,076 | \$ 1,982,837 |
| Change in assets contributed by other government | - | - | - | - | (230,528) |
| Capital grants received | - | - | - | - | 11,045 |
| Contribution of capital assets | 405,441 | 77,640 | 3,698 | 486,779 | (23,186) |
| Transfer of assets between proprietary funds | - | - | (127,556) | (127,556) | - |

CITY OF WICHITA, KANSAS

WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|---------------|----------------|---|------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 36,016,110 | \$ 36,721,410 | \$ 36,673,180 | \$ (48,230) | \$ 36,424,758 |
| Interest earnings | 1,200,000 | 1,200,000 | 550,601 | (649,399) | 927,672 |
| Other | - | (705,300) | 102,053 | 807,353 | 90,284 |
| Total revenues | 37,216,110 | 37,216,110 | 37,325,834 | 109,724 | 37,442,714 |
| EXPENDITURES | | | | | |
| Personal services | 7,155,550 | 6,869,140 | 7,291,688 | (422,548) | 7,060,512 |
| Contractual services | 5,791,170 | 6,421,950 | 4,965,964 | 1,455,986 | 4,913,176 |
| Materials and supplies | 3,173,410 | 3,561,050 | 2,552,187 | 1,008,863 | 2,630,726 |
| Capital outlay | 2,979,850 | 3,070,920 | 2,376,316 | 694,604 | 3,019,091 |
| Administrative charges | 770,510 | 787,760 | 787,760 | - | 742,170 |
| Debt service | 11,350,210 | 11,123,910 | 11,177,017 | (53,107) | 9,574,767 |
| Bond discount/premium amortization | 88,040 | 88,040 | 16,834 | 71,206 | 64,068 |
| Payments in lieu of franchise fees | 1,885,000 | 1,826,000 | 1,826,000 | - | 1,830,000 |
| Other non-operating expenses | - | 100,000 | 182,168 | (82,168) | - |
| Contingency | 1,000,000 | 179,620 | - | 179,620 | - |
| Total expenditures | 34,193,740 | 34,028,390 | 31,175,934 | 2,852,456 | 29,834,510 |
| Excess (deficiency) of revenues over (under) expenditures | 3,022,370 | 3,187,720 | 6,149,900 | 2,962,180 | 7,608,204 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers to other funds | (1,117,380) | (1,282,730) | (1,309,988) | (27,258) | (1,116,410) |
| Total other financing sources (uses) | (1,117,380) | (1,282,730) | (1,309,988) | (27,258) | (1,116,410) |
| Net change in unencumbered cash balances | 1,904,990 | 1,904,990 | 4,839,912 | 2,934,922 | 6,491,794 |
| Unencumbered cash - beginning | 28,940,668 | 26,102,027 | 26,102,027 | - | 28,940,668 |
| Proceeds/expenditures in (anticipation) of bond sales | - | - | 16,858,474 | 16,858,474 | (9,330,435) |
| Unencumbered cash - ending | \$ 30,845,658 | \$ 28,007,017 | \$ 47,800,413 | \$ 19,793,396 | \$ 26,102,027 |

CITY OF WICHITA, KANSAS

SEWER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actuals Amounts |
|--|------------------|---------------|----------------|---|-------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 29,120,000 | \$ 27,330,600 | \$ 25,942,128 | \$ (1,388,472) | \$ 27,130,007 |
| Interest earnings | 1,000,000 | 800,000 | 360,290 | (439,710) | 294,579 |
| Other | - | - | 203,074 | 203,074 | 184,484 |
| Total revenues | 30,120,000 | 28,130,600 | 26,505,492 | (1,625,108) | 27,609,070 |
| EXPENDITURES | | | | | |
| Personal services | 8,448,190 | 8,293,460 | 8,227,081 | 66,379 | 7,811,930 |
| Contractual services | 4,569,510 | 4,379,320 | 4,247,963 | 131,357 | 4,211,586 |
| Materials and supplies | 2,387,840 | 2,025,870 | 2,014,557 | 11,313 | 2,221,512 |
| Capital outlay | 1,107,990 | 889,230 | 699,256 | 189,974 | 1,006,061 |
| Administrative charges | 150,870 | 187,540 | 187,540 | - | 150,870 |
| Debt service | 7,291,290 | 8,808,200 | 9,005,649 | (197,449) | 6,506,508 |
| Bond amortization expense | 30,460 | 30,460 | (41,782) | 72,242 | 28,596 |
| Payments in lieu of franchise fees | 1,395,000 | 1,355,000 | 1,355,000 | - | 1,217,000 |
| Other non-operating expenses | - | - | 196 | (196) | - |
| Contingency | 100,000 | 90,100 | - | 90,100 | - |
| Total expenditures | 25,481,150 | 26,059,180 | 25,695,460 | 363,720 | 23,154,063 |
| Excess (deficiency) of revenues over (under) expenditures | 4,638,850 | 2,071,420 | 810,032 | (1,261,388) | 4,455,007 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers to other funds | (619,660) | (738,810) | (738,810) | - | (678,340) |
| Total other financing sources (uses) | (619,660) | (738,810) | (738,810) | - | (678,340) |
| Net change in unencumbered cash balances | 4,019,190 | 1,332,610 | 71,222 | (1,261,388) | 3,776,667 |
| Unencumbered cash - beginning | 6,311,559 | 14,304,230 | 14,304,230 | - | 6,311,559 |
| Proceeds/expenditures in excess of bond sales | - | - | 19,099,160 | 19,099,160 | 4,216,004 |
| Unencumbered cash - ending | \$ 10,330,749 | \$ 15,636,840 | \$ 33,474,612 | \$ 17,837,772 | \$ 14,304,230 |

CITY OF WICHITA, KANSAS

STORM WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actuals Amounts |
|--|------------------|--------------|----------------|---|-------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 5,525,000 | \$ 5,515,000 | \$ 5,181,292 | \$ (333,708) | \$ 5,061,890 |
| Interest earnings | 154,370 | 47,090 | 32,260 | (14,830) | 45,772 |
| Other | - | 117,280 | 44,371 | (72,909) | 60,341 |
| | | | | | |
| Total revenues | 5,679,370 | 5,679,370 | 5,257,923 | (421,447) | 5,168,003 |
| EXPENDITURES | | | | | |
| Personal services | 1,642,400 | 1,634,630 | 1,587,248 | 47,382 | 1,568,595 |
| Contractual services | 941,400 | 957,620 | 863,938 | 93,682 | 878,514 |
| Materials and supplies | 211,340 | 149,840 | 66,245 | 83,595 | 189,156 |
| Capital outlay | 470,000 | 470,000 | 413,813 | 56,187 | 385,681 |
| Administrative charges | 44,410 | 51,020 | 51,020 | - | 44,410 |
| Debt service | 1,728,000 | 1,704,130 | 1,704,128 | 2 | 1,619,625 |
| Other non-operating expenses | - | 140,000 | - | 140,000 | - |
| Revised Budget adjustment | 850,000 | 780,310 | - | 780,310 | - |
| | | | | | |
| Total expenditures | 5,887,550 | 5,887,550 | 4,686,392 | 1,201,158 | 4,685,981 |
| | | | | | |
| Excess (deficiency) of revenues over (under) expenditures | (208,180) | (208,180) | 571,531 | 779,711 | 482,022 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 343,000 | 343,000 | 343,000 | - | 639,500 |
| Transfers to other funds | (884,020) | (884,020) | (657,748) | 226,272 | (423,538) |
| | | | | | |
| Total other financing sources (uses) | (541,020) | (541,020) | (314,748) | 226,272 | 215,962 |
| | | | | | |
| Net change in unencumbered cash balances | (749,200) | (749,200) | 256,783 | 1,005,983 | 697,984 |
| Unencumbered cash - beginning | 944,455 | 2,057,691 | 2,057,691 | - | 1,552,635 |
| | | | | | |
| Proceeds/expenditures in excess of bond sales | - | - | 85,251 | 85,251 | (192,928) |
| | | | | | |
| Unencumbered cash - ending | \$ 195,255 | \$ 1,308,491 | \$ 2,399,725 | \$ 1,091,234 | \$ 2,057,691 |

— INTERNAL SERVICE FUNDS —

Internal Service Funds are used to account for the financing and administration of general services rendered to the various departments of the City.

Information Technology - responsible for coordination of the City's total computer automation efforts and provides a City-owned telephone system to the organization. Information Technology also provides limited printing and photocopying services.

Fleet and Buildings - purchases, repairs, and maintains vehicles and equipment used by City departments.

Stationery Stores - provides all departments with office supplies, mail room service, and microfilming services.

Self-Insurance - accounts for self-insurance programs of health insurance, workers' compensation, group life insurance, auto liability and general liability.

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS

December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Information Technology | Fleet and Buildings |
|--|----------------------------|-----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and temporary investments | \$ 1,794,288 | \$ 6,518,399 |
| Investments | - | - |
| Receivables, net | 8,895 | 80,777 |
| Due from other funds | - | - |
| Inventories | - | 366,462 |
| Prepaid items | - | - |
| Total current assets | <u>1,803,183</u> | <u>6,965,638</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | - | 71,340 |
| Buildings | 14,058 | 3,279,073 |
| Machinery, equipment and other assets | 9,494,355 | 29,593,564 |
| Less accumulated depreciation | <u>(8,450,534)</u> | <u>(23,872,862)</u> |
| Total capital assets (net of accumulated depreciation) | <u>1,057,879</u> | <u>9,071,115</u> |
| Total assets | <u><u>\$ 2,861,062</u></u> | <u><u>\$ 16,036,753</u></u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 214,516 | \$ 270,709 |
| Deposits | - | - |
| Current portion of long-term obligations: | | |
| Claims payable | - | - |
| Compensated absences | <u>118,585</u> | <u>131,762</u> |
| Total current liabilities | <u>333,101</u> | <u>402,471</u> |
| Noncurrent liabilities: | | |
| Claims payable | - | - |
| Compensated absences | <u>18,416</u> | <u>17,625</u> |
| Total noncurrent liabilities | <u>18,416</u> | <u>17,625</u> |
| Total liabilities | <u>351,517</u> | <u>420,096</u> |
| NET ASSETS | | |
| Invested in capital assets | 1,057,879 | 9,071,115 |
| Unrestricted | <u>1,451,666</u> | <u>6,545,542</u> |
| Total net assets | <u>2,509,545</u> | <u>15,616,657</u> |
| Total liabilities and net assets | <u><u>\$ 2,861,062</u></u> | <u><u>\$ 16,036,753</u></u> |

| Stationery Stores | Self Insurance | Totals | |
|----------------------|----------------------|----------------------|----------------------|
| | | 2003 | 2002 |
| \$ 364,031 | \$ 33,275,220 | \$ 41,951,938 | \$ 44,715,336 |
| - | 246,984 | 246,984 | 314,838 |
| 4,014 | 792,402 | 886,088 | 650,933 |
| - | 3,500,000 | 3,500,000 | - |
| - | - | 366,462 | 478,938 |
| 681 | - | 681 | 2,667 |
| <u>368,726</u> | <u>37,814,606</u> | <u>46,952,153</u> | <u>46,162,712</u> |
| - | - | 71,340 | 71,340 |
| - | - | 3,293,131 | 3,288,150 |
| 121,434 | 364,582 | 39,573,935 | 38,413,495 |
| <u>(75,647)</u> | <u>(108,080)</u> | <u>(32,507,123)</u> | <u>(30,978,906)</u> |
| <u>45,787</u> | <u>256,502</u> | <u>10,431,283</u> | <u>10,794,079</u> |
| <u>\$ 414,513</u> | <u>\$ 38,071,108</u> | <u>\$ 57,383,436</u> | <u>\$ 56,956,791</u> |
| \$ 30,495 | \$ 360,372 | \$ 876,092 | \$ 605,498 |
| - | 1,094,200 | 1,094,200 | 1,094,200 |
| - | 5,051,000 | 5,051,000 | 5,047,000 |
| - | 12,947 | 263,294 | 219,811 |
| <u>30,495</u> | <u>6,518,519</u> | <u>7,284,586</u> | <u>6,966,509</u> |
| - | 12,211,000 | 12,211,000 | 10,390,000 |
| - | 2,010 | 38,051 | 40,523 |
| <u>-</u> | <u>12,213,010</u> | <u>12,249,051</u> | <u>10,430,523</u> |
| <u>30,495</u> | <u>18,731,529</u> | <u>19,533,637</u> | <u>17,397,032</u> |
| 45,787 | 256,502 | 10,431,283 | 10,794,079 |
| <u>338,231</u> | <u>19,083,077</u> | <u>27,418,516</u> | <u>28,765,680</u> |
| <u>384,018</u> | <u>19,339,579</u> | <u>37,849,799</u> | <u>39,559,759</u> |
| <u>\$ 414,513</u> | <u>\$ 38,071,108</u> | <u>\$ 57,383,436</u> | <u>\$ 56,956,791</u> |

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Information Technology | Fleet and Buildings |
|--|---------------------------|------------------------|
| OPERATING REVENUES | | |
| Charges for services and sales | \$ 6,284,339 | \$ 940,074 |
| Rentals | - | 7,652,781 |
| Employer contributions | - | - |
| Employee contributions | - | - |
| Other | - | 67,533 |
| Total operating revenues | <u>6,284,339</u> | <u>8,660,388</u> |
| OPERATING EXPENSES | | |
| Personal services | 2,952,167 | 2,792,932 |
| Contractual services | 2,096,555 | 1,004,910 |
| Materials and supplies | 419,021 | 2,285,920 |
| Cost of materials used | - | 1,591,687 |
| Administrative charges | 53,620 | 145,450 |
| Depreciation | 562,439 | 2,371,635 |
| Employee benefits | - | - |
| Insurance claims | - | - |
| Total operating expenses | <u>6,083,802</u> | <u>10,192,534</u> |
| Operating income (loss) | <u>200,537</u> | <u>(1,532,146)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest earnings | - | - |
| Proceeds from sale of assets | (8,482) | 86,459 |
| Total nonoperating revenues (expenses) | <u>(8,482)</u> | <u>86,459</u> |
| Income (loss) before contributions and transfers | 192,055 | (1,445,687) |
| Capital contributions and operating transfers: | | |
| Capital contributions | 470,553 | 19,498 |
| Transfers from other funds | 287,378 | - |
| Transfers to other funds | <u>(1,605,100)</u> | <u>(691,045)</u> |
| Change in net assets | (655,114) | (2,117,234) |
| Total net assets - beginning | <u>3,164,659</u> | <u>17,733,891</u> |
| Total net assets - ending | <u>\$ 2,509,545</u> | <u>\$ 15,616,657</u> |

| Stationery Stores | Self Insurance | Totals | |
|----------------------|----------------------|----------------------|----------------------|
| | | 2003 | 2002 |
| \$ 764,051 | \$ - | \$ 7,988,464 | \$ 8,625,030 |
| - | - | 7,652,781 | 8,911,427 |
| - | 20,529,764 | 20,529,764 | 18,980,885 |
| - | 5,072,706 | 5,072,706 | 4,560,766 |
| - | 369,093 | 436,626 | 661,349 |
| <u>764,051</u> | <u>25,971,563</u> | <u>41,680,341</u> | <u>41,739,457</u> |
| 53,198 | - | 5,798,297 | 5,116,820 |
| 50,290 | - | 3,151,755 | 2,850,031 |
| 4,914 | - | 2,709,855 | 3,167,414 |
| 583,540 | - | 2,175,227 | 1,942,305 |
| 35,200 | - | 234,270 | 202,520 |
| 12,919 | 35,896 | 2,982,889 | 2,657,063 |
| - | 19,504,044 | 19,504,044 | 17,739,068 |
| - | 5,968,039 | 5,968,039 | 5,423,961 |
| <u>740,061</u> | <u>25,507,979</u> | <u>42,524,376</u> | <u>39,099,182</u> |
| <u>23,990</u> | <u>463,584</u> | <u>(844,035)</u> | <u>2,640,275</u> |
| - | 455,649 | 455,649 | 895,368 |
| (4,947) | - | 73,030 | (70,389) |
| <u>(4,947)</u> | <u>455,649</u> | <u>528,679</u> | <u>824,979</u> |
| 19,043 | 919,233 | (315,356) | 3,465,254 |
| - | - | 490,051 | 2,530,216 |
| 65,100 | 309,630 | 662,108 | 499,100 |
| <u>(94,186)</u> | <u>(156,432)</u> | <u>(2,546,763)</u> | <u>(195,000)</u> |
| (10,043) | 1,072,431 | (1,709,960) | 6,299,570 |
| <u>394,061</u> | <u>18,267,148</u> | <u>39,559,759</u> | <u>33,260,189</u> |
| <u>\$ 384,018</u> | <u>\$ 19,339,579</u> | <u>\$ 37,849,799</u> | <u>\$ 39,559,759</u> |

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Information Technology | Fleet Buildings |
|---|---------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 6,279,375 | \$ 8,585,952 |
| Cash payments to suppliers for goods and services | (2,691,818) | (4,818,224) |
| Cash payments to employees for services | (2,923,400) | (2,765,493) |
| Other operating revenues | - | 67,533 |
| Net cash provided by (used in) operating activities | <u>664,157</u> | <u>1,069,768</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers from other funds | 287,378 | - |
| Transfers to other funds | (1,605,100) | (691,045) |
| Net cash provided by (used in) noncapital financing activities | <u>(1,317,722)</u> | <u>(691,045)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Additions to property, plant and equipment | (252,855) | (1,935,699) |
| Net cash used in capital and related financing activities | <u>(252,855)</u> | <u>(1,935,699)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale and maturity of investment securities | - | - |
| Proceeds from sale of assets | (8,482) | 86,459 |
| Interest on investments | - | - |
| Net cash provided by investing activities | <u>(8,482)</u> | <u>86,459</u> |
| Net increase (decrease) in cash and temporary investments | (914,902) | (1,470,517) |
| Cash and temporary investments - January 1 | <u>2,709,190</u> | <u>7,988,916</u> |
| Cash and temporary investments - December 31 | <u>\$ 1,794,288</u> | <u>\$ 6,518,399</u> |

| Stationery Stores | Self Insurance | Totals | |
|----------------------|----------------------|----------------------|----------------------|
| | | 2003 | 2002 |
| \$ 764,078 | \$ 21,877,488 | \$ 37,506,893 | \$ 40,993,594 |
| (684,150) | (23,343,030) | (31,537,222) | (29,780,102) |
| (64,306) | - | (5,753,199) | (5,101,857) |
| - | 369,093 | 436,626 | 661,349 |
| 15,622 | (1,096,449) | 653,098 | 6,772,984 |
| 65,100 | 309,630 | 662,108 | 499,100 |
| (94,186) | (156,432) | (2,546,763) | (195,000) |
| (29,086) | 153,198 | (1,884,655) | 304,100 |
| 58,513 | - | (2,130,041) | (2,517,932) |
| 58,513 | - | (2,130,041) | (2,517,932) |
| - | 65,000 | 65,000 | 1,000,000 |
| (4,947) | - | 73,030 | - |
| - | 460,170 | 460,170 | 899,801 |
| (4,947) | 525,170 | 598,200 | 1,899,801 |
| 40,102 | (418,081) | (2,763,398) | 6,458,953 |
| 323,929 | 33,693,301 | 44,715,336 | 38,256,383 |
| <u>\$ 364,031</u> | <u>\$ 33,275,220</u> | <u>\$ 41,951,938</u> | <u>\$ 44,715,336</u> |

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED) INTERNAL SERVICE FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Information Technology | Fleet and Buildings |
|--|---------------------------|------------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) | | |
| OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ 200,537 | \$ (1,532,146) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | |
| Depreciation | 562,439 | 2,371,635 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (4,964) | (6,903) |
| Decrease in inventory | - | 112,476 |
| Decrease in prepaid items | - | - |
| Increase (decrease) in accounts payable and accrued expenses | (122,622) | 97,267 |
| Increase in claims payable | - | - |
| Increase (decrease) in compensated absences | 28,767 | 27,439 |
| Total adjustments | 463,620 | 2,601,914 |
| Net cash provided by (used in) operating activities | \$ 664,157 | \$ 1,069,768 |

Supplemental Schedule of Non-Cash Investing and Financing Activities

| | | |
|---|------------|-----------|
| Capital contributed by local government | \$ 470,553 | \$ 19,498 |
|---|------------|-----------|

| Stationery Stores | Self Insurance | Totals | |
|-------------------------|------------------------------|--------------------------|----------------------------|
| | | 2003 | 2002 |
| <u>\$ 23,990</u> | <u>\$ 463,584</u> | <u>\$ (844,035)</u> | <u>\$ 2,640,275</u> |
| 12,919 | 35,896 | 2,982,889 | 2,657,063 |
| 27 | (3,724,982) | (3,736,822) | (84,514) |
| - | - | 112,476 | 139,303 |
| 1,986 | - | 1,986 | 922 |
| (12,192) | 308,140 | 270,593 | (156,266) |
| - | 1,825,000 | 1,825,000 | 1,561,000 |
| <u>(11,108)</u> | <u>(4,087)</u> | <u>41,011</u> | <u>15,201</u> |
| <u>(8,368)</u> | <u>(1,560,033)</u> | <u>1,497,133</u> | <u>4,132,709</u> |
| <u><u>\$ 15,622</u></u> | <u><u>\$ (1,096,449)</u></u> | <u><u>\$ 653,098</u></u> | <u><u>\$ 6,772,984</u></u> |
| | | | |
| \$ - | \$ - | \$ 490,051 | \$ 2,530,216 |

CITY OF WICHITA, KANSAS

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS SELF INSURANCE FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Life Insurance | Health Insurance | Workers' Compensation | General Liability | Totals | |
|--|---------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | | | | | 2003 | 2002 |
| OPERATING REVENUES | | | | | | |
| Employer contributions | \$ 197,804 | \$ 14,322,083 | \$ 2,944,309 | \$ 3,065,568 | \$ 20,529,764 | \$ 18,980,885 |
| Employee contributions | 342,910 | 4,729,796 | - | - | 5,072,706 | 4,560,766 |
| Other | - | - | 294,943 | 74,150 | 369,093 | 593,974 |
| Total operating revenues | <u>540,714</u> | <u>19,051,879</u> | <u>3,239,252</u> | <u>3,139,718</u> | <u>25,971,563</u> | <u>24,135,625</u> |
| OPERATING EXPENSES | | | | | | |
| Depreciation | - | - | 999 | 34,897 | 35,896 | 17,923 |
| Employee benefits | 681,619 | 18,822,425 | - | - | 19,504,044 | 17,739,068 |
| Insurance claims | - | - | 4,909,520 | 1,058,519 | 5,968,039 | 5,423,961 |
| Total operating expenses | <u>681,619</u> | <u>18,822,425</u> | <u>4,910,519</u> | <u>1,093,416</u> | <u>25,507,979</u> | <u>23,180,952</u> |
| Operating income (loss) | <u>(140,905)</u> | <u>229,454</u> | <u>(1,671,267)</u> | <u>2,046,302</u> | <u>463,584</u> | <u>954,673</u> |
| NONOPERATING REVENUES | | | | | | |
| Interest earnings | 64,279 | 33,258 | 189,304 | 168,808 | 455,649 | 895,368 |
| Total nonoperating revenues | <u>64,279</u> | <u>33,258</u> | <u>189,304</u> | <u>168,808</u> | <u>455,649</u> | <u>895,368</u> |
| Income (loss) before operating transfers | (76,626) | 262,712 | (1,481,963) | 2,215,110 | 919,233 | 1,850,041 |
| Operating transfers: | | | | | | |
| Transfers from other funds | - | - | - | 309,630 | 309,630 | - |
| Transfers to other funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>(156,432)</u> | <u>(156,432)</u> | <u>305,910</u> |
| Change in net assets | (76,626) | 262,712 | (1,481,963) | 2,368,308 | 1,072,431 | 2,155,951 |
| Total net assets - beginning | <u>3,165,248</u> | <u>3,523,137</u> | <u>3,163,166</u> | <u>8,415,597</u> | <u>18,267,148</u> | <u>16,111,197</u> |
| Total net assets - ending | <u>\$ 3,088,622</u> | <u>\$ 3,785,849</u> | <u>\$ 1,681,203</u> | <u>\$ 10,783,905</u> | <u>\$ 19,339,579</u> | <u>\$ 18,267,148</u> |

CITY OF WICHITA, KANSAS

INFORMATION TECHNOLOGY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 6,867,000 | \$ 6,898,750 | \$ 6,282,323 | \$ (616,427) | \$ 5,723,837 |
| Revised budget adjustment | - | (106,750) | - | 106,750 | - |
| Other revenue | - | - | 5,919 | 5,919 | - |
| Total revenues | 6,867,000 | 6,792,000 | 6,288,242 | (503,758) | 5,723,837 |
| EXPENDITURES | | | | | |
| Personal services | 2,860,890 | 2,978,130 | 2,923,397 | 54,733 | 2,346,424 |
| Contractual services | 2,393,400 | 2,420,690 | 2,264,955 | 155,735 | 1,528,024 |
| Materials and supplies | 436,800 | 356,980 | 313,461 | 43,519 | 400,924 |
| Capital outlay | 247,750 | 227,490 | 149,503 | 77,987 | 231,591 |
| City administrative charges | 51,030 | 53,620 | 53,620 | - | 38,680 |
| Cost of materials used | 150,000 | 150,000 | 133,782 | 16,218 | 208,414 |
| Contingency | 275,000 | 37,960 | - | 37,960 | - |
| Total expenditures | 6,414,870 | 6,224,870 | 5,838,718 | 386,152 | 4,754,057 |
| Excess (deficiency) of revenues over (under) expenditures | 452,130 | 567,130 | 449,524 | (117,606) | 969,780 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 118,190 | 193,190 | 193,192 | 2 | 193,190 |
| Transfers to other funds | (1,415,100) | (1,605,100) | (1,605,100) | - | (195,000) |
| Total other financing sources (uses) | (1,296,910) | (1,411,910) | (1,411,908) | 2 | (1,810) |
| Net change in unencumbered cash | (844,780) | (844,780) | (962,384) | (117,604) | 967,970 |
| Unencumbered cash - beginning | 1,224,240 | 2,073,220 | 2,073,220 | - | 1,105,250 |
| Unencumbered cash - ending | \$ 379,460 | \$ 1,228,440 | \$ 1,110,836 | \$ (117,604) | \$ 2,073,220 |

CITY OF WICHITA, KANSAS

FLEET AND BUILDINGS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|--------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 1,414,210 | \$ 1,523,710 | \$ 1,113,734 | \$ (409,976) | \$ 1,346,327 |
| Rental/lease income | 8,272,060 | 7,846,020 | 7,634,563 | (211,457) | 8,911,427 |
| Other revenue | 126,250 | 138,700 | 57,838 | (80,862) | 67,337 |
| Total revenues | 9,812,520 | 9,508,430 | 8,806,135 | (702,295) | 10,325,091 |
| EXPENDITURES | | | | | |
| Personal services | 2,808,960 | 2,974,070 | 2,765,493 | 208,577 | 2,559,124 |
| Contractual services | 1,017,290 | 1,040,390 | 1,400,700 | (360,310) | 886,257 |
| Materials and supplies | 2,408,290 | 2,477,400 | 2,285,240 | 192,160 | 2,430,218 |
| Capital outlay | 2,600,000 | 1,600,000 | 1,589,246 | 10,754 | 2,560,023 |
| City administrative charges | 106,900 | 145,450 | 145,450 | - | 106,900 |
| Cost of materials used | 1,000,000 | 1,250,000 | 1,590,265 | (340,265) | 1,086,486 |
| Contingency | 590,000 | 4,425,000 | - | 4,425,000 | - |
| Total expenditures | 10,531,440 | 13,912,310 | 9,776,394 | 4,135,916 | 9,629,008 |
| Excess (deficiency) of revenues over (under) expenditures | (718,920) | (4,403,880) | (970,259) | 3,433,621 | 696,083 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers to other funds | - | (1,000,000) | (691,045) | 308,955 | - |
| Total other financing sources (uses) | - | (1,000,000) | (691,045) | 308,955 | - |
| Net change in unencumbered cash | (718,920) | (5,403,880) | (1,661,304) | 3,742,576 | 696,083 |
| Unencumbered cash - beginning | 720,453 | 6,134,836 | 6,134,836 | - | 5,438,753 |
| Unencumbered cash - ending | \$ 1,533 | \$ 730,956 | \$ 4,473,532 | \$ 3,742,576 | \$ 6,134,836 |

CITY OF WICHITA, KANSAS

STATIONERY STORES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) | 2002 Actual Amounts |
|--|------------------|------------|----------------|---|------------------------|
| | Original | Final | Actual Amounts | | |
| REVENUES | | | | | |
| Charges for services and sales | \$ 956,680 | \$ 950,000 | \$ 757,201 | \$ (192,799) | \$ 1,589,122 |
| Other revenue | - | 6,680 | 413 | (6,267) | (101) |
| Total revenues | 956,680 | 956,680 | 757,614 | (199,066) | 1,589,021 |
| EXPENDITURES | | | | | |
| Personal services | 58,890 | 60,420 | 53,201 | 7,219 | 194,313 |
| Contractual services | 121,380 | 114,880 | 37,992 | 76,888 | 506,304 |
| Materials and supplies | 1,690 | 5,000 | 4,914 | 86 | 118,090 |
| Capital outlay | 43,000 | 43,000 | 40,620 | 2,380 | - |
| City administrative charges | 47,280 | 46,240 | 46,240 | - | 56,940 |
| Cost of materials used | 800,000 | 800,000 | 597,697 | 202,303 | 715,362 |
| Contingency | - | 2,700 | - | 2,700 | - |
| Total expenditures | 1,072,240 | 1,072,240 | 780,664 | 291,576 | 1,591,009 |
| Excess (deficiency) of revenues over (under) expenditures | (115,560) | (115,560) | (23,050) | 92,510 | (1,988) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 65,100 | 65,100 | 65,100 | - | - |
| Total other financing sources (uses) | 65,100 | 65,100 | 65,100 | - | - |
| Net change in unencumbered cash | (50,460) | (50,460) | 42,050 | 92,510 | (1,988) |
| Unencumbered cash - beginning | 86,865 | 276,929 | 276,929 | - | 278,917 |
| Unencumbered cash - ending | \$ 36,405 | \$ 226,469 | \$ 318,979 | \$ 92,510 | \$ 276,929 |

—— FIDUCIARY FUNDS ——

Fiduciary funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

Pension Trust Funds - accounts for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and other City employees.

*Police and Fire Retirement System
Employees' Retirement System
Employees' Retirement Plan 3*

Agency Funds - accounts for resources received and held by the City as agent which are to be expended as directed by the party for which the City is acting as agent.

*Payroll Liability
Special Assessment Advance Payments
Neighborhood Revitalization
IRB, Payment-in-lieu-of taxes (PILOT)*

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF NET ASSETS PENSION TRUST FUNDS December 31, 2003 (with comparative totals for December 31, 2002)

| | Police and Fire Retirement System | Employees' Retirement System | Employees' Retirement Plan 3 | Totals | |
|---|---|------------------------------------|------------------------------------|----------------|----------------|
| | | | | 2003 | 2002 |
| ASSETS | | | | | |
| Cash and temporary investments | \$ 7,282,488 | \$ 8,510,542 | \$ 25,897 | \$ 15,818,927 | \$ 13,170,483 |
| Receivables: | | | | | |
| Investment sales pending | 630,815 | 735,837 | - | 1,366,652 | 448,471 |
| Interest and dividends | 815,757 | 951,569 | 15,949 | 1,783,275 | 1,697,968 |
| Other | 276,903 | 131,115 | 73,767 | 481,785 | 422,940 |
| Total receivables | 1,723,475 | 1,818,521 | 89,716 | 3,631,712 | 2,569,379 |
| Investments, at fair value: | | | | | |
| Government securities: long term | 11,192,434 | 13,044,946 | - | 24,237,380 | 32,800,647 |
| Corporate debt instruments: long term | 30,321,675 | 35,340,359 | - | 65,662,034 | 62,960,405 |
| Mortgage-backed securities | 16,931,968 | 19,734,459 | - | 36,666,427 | 44,355,600 |
| Corporate stocks: domestic common | 126,152,769 | 147,032,916 | - | 273,185,685 | 244,377,852 |
| Corporate stocks: international common | 36,950,164 | 43,065,962 | - | 80,016,126 | 70,514,938 |
| Value of interest in pooled funds: domestic fixed income | 41,108,639 | 47,912,725 | 1,030,469 | 90,051,833 | 82,465,799 |
| Value of interest in pooled funds: international fixed income | 21,214,136 | 24,725,388 | 505,997 | 46,445,521 | 42,825,855 |
| Value of interest in pooled funds: domestic equities | 39,310,241 | 45,816,665 | 6,884,269 | 92,011,175 | 80,821,225 |
| Value of interest in pooled funds: international equities | 27,619,676 | 32,191,139 | 1,484,461 | 61,295,276 | 53,115,531 |
| Total investments | 350,801,702 | 408,864,559 | 9,905,196 | 769,571,457 | 714,237,852 |
| Total assets | 359,807,665 | 419,193,622 | 10,020,809 | 789,022,096 | 729,977,714 |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | 1,837,187 | 2,105,754 | 17,535 | 3,960,476 | 3,600,849 |
| Investment purchases pending | 1,080,306 | 1,260,161 | - | 2,340,467 | 1,579,325 |
| Securities lending obligations | - | - | - | - | 63,981,313 |
| Total liabilities | 2,917,493 | 3,365,915 | 17,535 | 6,300,943 | 69,161,487 |
| NET ASSETS | | | | | |
| Held in trust for pension benefits | \$ 356,890,172 | \$ 415,827,707 | \$ 10,003,274 | \$ 782,721,153 | \$ 660,816,227 |

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN NET ASSETS PENSION TRUST FUNDS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | Police and Fire Retirement System | Employees' Retirement System | Employees' Retirement Plan 3 | Totals | |
|--|---|------------------------------------|------------------------------------|----------------|----------------|
| | | | | 2003 | 2002 |
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Employer | \$ 5,043,505 | \$ 2,007,656 | \$ 1,214,823 | \$ 8,265,984 | \$ 7,907,897 |
| Employee | 3,296,499 | 2,397,597 | 1,214,823 | 6,908,919 | 6,544,480 |
| Total contributions | 8,340,004 | 4,405,253 | 2,429,646 | 15,174,903 | 14,452,377 |
| Investment income: | | | | | |
| <i>From investment activities</i> | | | | | |
| Net appreciation (depreciation) in in fair value of investments | 61,993,535 | 72,375,761 | 1,415,144 | 135,784,440 | (100,314,600) |
| Interest and dividends | 5,174,915 | 6,058,274 | 248,073 | 11,481,262 | 11,508,446 |
| Commission recapture | 52,566 | 61,490 | - | 114,056 | 136,939 |
| Total investing activity income (loss) | 67,221,016 | 78,495,525 | 1,663,217 | 147,379,758 | (88,669,215) |
| Less investment expense | 1,481,878 | 1,723,918 | 60,586 | 3,266,382 | 3,284,373 |
| Net income (loss) from investing activities | 65,739,138 | 76,771,607 | 1,602,631 | 144,113,376 | (91,953,588) |
| <i>From securities lending activities</i> | | | | | |
| Securities lending income | 439,230 | 493,213 | - | 932,443 | 1,457,314 |
| Securities lending activities expenses: | | | | | |
| Borrower rebates | 317,536 | 350,812 | - | 668,348 | 1,122,849 |
| Management fees | 36,276 | 42,450 | - | 78,726 | 99,019 |
| Total securities lending activities expenses | 353,812 | 393,262 | - | 747,074 | 1,221,868 |
| Net income from securities lending activities | 85,418 | 99,951 | - | 185,369 | 235,446 |
| Total net investment income (loss) | 65,824,556 | 76,871,558 | 1,602,631 | 144,298,745 | (91,718,142) |
| Transfers from other funds | - | 1,138,869 | - | 1,138,869 | 1,328,831 |
| Total additions | 74,164,560 | 82,415,680 | 4,032,277 | 160,612,517 | (75,936,934) |
| DEDUCTIONS | | | | | |
| Pension benefits | 16,335,032 | 17,954,035 | - | 34,289,067 | 32,283,085 |
| DROP and Back DROP payments | 1,240,509 | 622,674 | - | 1,863,183 | 471,208 |
| Pension administration | 234,826 | 232,153 | 33,395 | 500,374 | 483,595 |
| Employee contributions refunded | 192,808 | 276,261 | 384,769 | 853,838 | 1,389,311 |
| Transfers to other funds | - | - | 1,138,869 | 1,138,869 | 1,328,869 |
| Other deductions | 29,560 | 32,700 | - | 62,260 | 82,592 |
| Total deductions | 18,032,735 | 19,117,823 | 1,557,033 | 38,707,591 | 36,038,660 |
| Change in net assets | 56,131,825 | 63,297,857 | 2,475,244 | 121,904,926 | (111,975,594) |
| Net assets - beginning | 300,758,347 | 352,529,850 | 7,528,030 | 660,816,227 | 772,791,821 |
| Net assets - ending | \$ 356,890,172 | \$ 415,827,707 | \$ 10,003,274 | \$ 782,721,153 | \$ 660,816,227 |

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

For the year ended December 31, 2003

| | Balance January 1, 2003 | Additions | Deductions | Balance December 31, 2003 |
|---|----------------------------|-----------------------|-----------------------|------------------------------|
| <u>Payroll Liability Fund</u> | | | | |
| ASSETS | | | | |
| Cash and temporary investments | \$ 333,417 | \$ 86,473,592 | \$ 86,458,436 | \$ 348,573 |
| Accounts receivable | 957,619 | 226,853 | - | 1,184,472 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 1,291,036</u> | <u>\$ 86,700,445</u> | <u>\$ 86,458,436</u> | <u>\$ 1,533,045</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,291,036 | \$ 135,316,413 | \$ 135,074,404 | \$ 1,533,045 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>\$ 1,291,036</u> | <u>\$ 135,316,413</u> | <u>\$ 135,074,404</u> | <u>\$ 1,533,045</u> |
| <u>Special Assessment Advance Payments Fund</u> | | | | |
| ASSETS | | | | |
| Cash and temporary investments | \$ 4,610,830 | \$ 2,229,150 | \$ 1,080,095 | \$ 5,759,885 |
| Investments | 1,266,793 | 19,120 | 885,093 | 400,820 |
| Accounts receivable | 12,221 | - | - | 12,221 |
| Interest receivable | 10,760 | 21,844 | 29,063 | 3,541 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 5,900,604</u> | <u>\$ 2,270,114</u> | <u>\$ 1,994,251</u> | <u>\$ 6,176,467</u> |
| LIABILITIES | | | | |
| Deposits | \$ 5,900,604 | \$ 1,149,270 | \$ 873,407 | \$ 6,176,467 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>\$ 5,900,604</u> | <u>\$ 1,149,270</u> | <u>\$ 873,407</u> | <u>\$ 6,176,467</u> |
| <u>Neighborhood Revitalization Fund</u> | | | | |
| ASSETS | | | | |
| Cash and temporary investments | \$ 268 | \$ 48,998 | \$ 33,354 | \$ 15,912 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 268</u> | <u>\$ 48,998</u> | <u>\$ 33,354</u> | <u>\$ 15,912</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 33,354 | \$ 33,354 | \$ - |
| Deposits | 268 | 48,998 | 33,354 | 15,912 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>\$ 268</u> | <u>\$ 82,352</u> | <u>\$ 66,708</u> | <u>\$ 15,912</u> |

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) ALL AGENCY FUNDS

For the year ended December 31, 2003

| | Balance January 1, 2003 | Additions | Deductions | Balance December 31, 2003 |
|--------------------------------|----------------------------|------------------|------------------|------------------------------|
| <u>IRB, PILOT Fund</u> | | | | |
| ASSETS | | | | |
| Cash and temporary investments | \$ - | \$ 43,209 | \$ 43,209 | \$ - |
| Accounts receivable | 17,133 | 47,401 | 47,401 | 17,133 |
| | <u>17,133</u> | <u>47,401</u> | <u>47,401</u> | <u>17,133</u> |
| Total assets | <u>\$ 17,133</u> | <u>\$ 90,610</u> | <u>\$ 90,610</u> | <u>\$ 17,133</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 43,209 | \$ 43,209 | \$ - |
| Deposits | 17,133 | 47,401 | 47,401 | 17,133 |
| | <u>17,133</u> | <u>47,401</u> | <u>47,401</u> | <u>17,133</u> |
| Total liabilities | <u>\$ 17,133</u> | <u>\$ 90,610</u> | <u>\$ 90,610</u> | <u>\$ 17,133</u> |

Totals - All Agency Funds

| | | | | |
|--------------------------------|---------------------|-----------------------|-----------------------|---------------------|
| ASSETS | | | | |
| Cash and temporary investments | \$ 4,944,515 | \$ 88,794,949 | \$ 87,615,094 | \$ 6,124,370 |
| Investments | 1,266,793 | 19,120 | 885,093 | 400,820 |
| Accounts receivable | 986,973 | 274,254 | 47,401 | 1,213,826 |
| Interest receivable | 10,760 | 21,844 | 29,063 | 3,541 |
| | <u>7,209,041</u> | <u>89,110,167</u> | <u>88,576,651</u> | <u>7,742,557</u> |
| Total assets | <u>\$ 7,209,041</u> | <u>\$ 89,110,167</u> | <u>\$ 88,576,651</u> | <u>\$ 7,742,557</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,291,036 | \$ 135,392,976 | \$ 135,150,967 | \$ 1,533,045 |
| Deposits | 5,918,005 | 1,245,669 | 954,162 | 6,209,512 |
| | <u>7,209,041</u> | <u>136,638,645</u> | <u>136,105,129</u> | <u>7,742,557</u> |
| Total liabilities | <u>\$ 7,209,041</u> | <u>\$ 136,638,645</u> | <u>\$ 136,105,129</u> | <u>\$ 7,742,557</u> |

— COMPONENT UNIT —

The Wichita Public Building Commission (WPBC) is reported as a discretely presented component unit within the financial statements of the City of Wichita (the reporting entity) to emphasize its separate legal status. The WPBC acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees.

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS COMPONENT UNIT - WICHITA PUBLIC BUILDING COMMISSION

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | <u>2003</u> | <u>2002</u> |
|--|----------------------------|----------------------------|
| CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES | | |
| Proceeds from long term debt | \$ 15,580,000 | \$ - |
| Project expenditures | (1,622,756) | - |
| Received on direct financing lease | 4,225,000 | 4,150,000 |
| Debt service - principal | (4,225,000) | (4,150,000) |
| Debt service - refunding | (15,320,000) | - |
| Debt service - interest | (1,792,293) | (1,809,361) |
| Net cash (used in) capital and related financing activities | <u>(3,155,049)</u> | <u>(1,809,361)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investment | 973,305 | - |
| Interest on lease investment | 2,116,462 | 2,850,895 |
| Net cash (used in) investment activities | <u>3,089,767</u> | <u>2,850,895</u> |
| Net increase in cash and temporary investments | (65,282) | 1,041,534 |
| Cash and temporary investments - January 1 | <u>1,983,553</u> | <u>942,019</u> |
| Cash and temporary investments - December 31 | <u><u>\$ 1,918,271</u></u> | <u><u>\$ 1,983,553</u></u> |

— ADDITIONAL INFORMATION —

Additional schedules represent various financial schedules of the City. Included are supplementary schedules pertaining to long-term debt obligations and investments.

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE

Year ended December 31, 2003

| | Balance January 1, 2003 | Issued | Retired | Balance December 31, 2003 |
|--|-------------------------------|-----------------------|----------------------|---------------------------------|
| General obligation bonds payable from: | | | | |
| Ad valorem property taxes | \$ 71,979,751 | \$ 23,518,340 | \$ 16,753,913 | \$ 78,744,178 |
| Special assessments | 148,540,000 | 42,190,000 | 29,865,000 | 160,865,000 |
| Tax increment financing | 19,919,545 | - | 1,369,697 | 18,549,848 |
| Transient guest tax | 12,519,875 | - | 1,967,667 | 10,552,208 |
| Airport Authority | 4,865,000 | - | 550,000 | 4,315,000 |
| Golf Course System | 7,682,468 | - | 667,982 | 7,014,486 |
| Transit | 97,020 | - | 81,010 | 16,010 |
| Local sales tax | 56,000,000 | 48,855,000 | 12,165,000 | 92,690,000 |
| Storm Water Utility | 6,045,000 | 2,821,660 | 1,390,000 | 7,476,660 |
| Revenue bonds payable from: | | | | |
| Water Utility | 86,921,485 | 48,115,000 | 5,122,515 | 129,913,970 |
| Sewer Utility | 54,585,319 | 72,250,000 | 3,836,292 | 122,999,027 |
| Airport Special Facilities | 78,115,512 | 2,860,000 | 3,405,660 | 77,569,852 |
| Wichita Public Building Commission | 37,470,000 | 15,580,000 | 19,545,000 | 33,505,000 |
| | <u>\$ 584,740,975</u> | <u>\$ 256,190,000</u> | <u>\$ 96,719,736</u> | <u>\$ 744,211,239</u> |

RECONCILIATION OF BONDS PAYABLE

December 31, 2003

| | |
|--|-----------------------|
| General obligation bonds | \$ 380,223,390 |
| Revenue bonds | <u>363,987,849</u> |
| Total bonds payable | <u>\$ 744,211,239</u> |
| Serial bonds payable exclusive of bond anticipation notes | \$ 361,401,234 |
| Bonds payable from component unit | 33,505,000 |
| Bonds payable from proprietary funds | <u>349,305,005</u> |
| Total bonds payable | <u>\$ 744,211,239</u> |

CITY OF WICHITA, KANSAS

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES

BASED ON BONDED DEBT AS OF DECEMBER 31, 2003

| PAYABLE FROM TAXES | | | | PAYABLE FROM TRANSIENT GUEST TAX | | |
|-----------------------|----------------------|----------------------|-------------------------|-------------------------------------|---------------------|-------------------------|
| Year | Principal | Interest | Debt Service Charges | Principal | Interest | Debt Service Charges |
| 2004 | \$ 13,286,091 | \$ 2,898,282 | \$ 16,184,373 | \$ 1,377,633 | \$ 506,398 | \$ 1,884,031 |
| 2005 | 12,076,600 | 2,348,339 | 14,424,939 | 1,219,967 | 685,652 | 1,905,619 |
| 2006 | 9,977,920 | 1,949,565 | 11,927,485 | 1,194,659 | 709,817 | 1,904,476 |
| 2007 | 9,847,493 | 1,598,601 | 11,446,094 | 1,168,294 | 733,464 | 1,901,758 |
| 2008 | 8,832,139 | 1,237,538 | 10,069,677 | 919,625 | 753,450 | 1,673,075 |
| 2009 | 7,813,137 | 888,155 | 8,701,292 | 905,417 | 779,978 | 1,685,395 |
| 2010 | 5,690,580 | 600,904 | 6,291,484 | 895,820 | 798,829 | 1,694,649 |
| 2011 | 4,361,076 | 393,380 | 4,754,456 | 897,463 | 813,594 | 1,711,057 |
| 2012 | 4,370,073 | 227,064 | 4,597,137 | 897,173 | 826,367 | 1,723,540 |
| 2013 | 2,489,069 | 75,421 | 2,564,490 | 902,824 | 830,974 | 1,733,798 |
| 2014 | - | - | - | 173,333 | 8,927 | 182,260 |
| | <u>\$ 78,744,178</u> | <u>\$ 12,217,249</u> | <u>\$ 90,961,427</u> | <u>\$ 10,552,208</u> | <u>\$ 7,447,450</u> | <u>\$ 17,999,658</u> |

| PAYABLE FROM TAX INCREMENT FINANCING | | | | PAYABLE FROM LOCAL SALES TAX | | |
|---|----------------------|---------------------|-------------------------|---------------------------------|----------------------|-------------------------|
| Year | Principal | Interest | Debt Service Charges | Principal | Interest | Debt Service Charges |
| 2004 | \$ 1,486,818 | \$ 774,219 | \$ 2,261,037 | \$ 6,510,000 | \$ 4,083,329 | \$ 10,593,329 |
| 2005 | 1,610,909 | 714,242 | 2,325,151 | 6,850,000 | 4,043,425 | 10,893,425 |
| 2006 | 1,756,061 | 650,727 | 2,406,788 | 7,095,000 | 3,767,125 | 10,862,125 |
| 2007 | 1,896,212 | 583,479 | 2,479,691 | 4,830,000 | 3,421,825 | 8,251,825 |
| 2008 | 2,051,364 | 509,693 | 2,561,057 | 5,045,000 | 3,177,200 | 8,222,200 |
| 2009 | 2,214,545 | 424,499 | 2,639,044 | 5,360,000 | 2,921,700 | 8,281,700 |
| 2010 | 1,827,727 | 331,874 | 2,159,601 | 5,620,000 | 2,665,225 | 8,285,225 |
| 2011 | 1,988,939 | 255,672 | 2,244,611 | 5,920,000 | 2,411,375 | 8,331,375 |
| 2012 | 2,153,182 | 170,455 | 2,323,637 | 6,185,000 | 2,141,813 | 8,326,813 |
| 2013 | 1,297,424 | 76,272 | 1,373,696 | 6,495,000 | 1,843,000 | 8,338,000 |
| 2014 | 266,667 | 13,733 | 280,400 | 6,785,000 | 1,514,125 | 8,299,125 |
| 2015 | - | - | - | 7,085,000 | 1,170,500 | 8,255,500 |
| 2016 | - | - | - | 7,405,000 | 811,750 | 8,216,750 |
| 2017 | - | - | - | 7,750,000 | 471,000 | 8,221,000 |
| 2018 | - | - | - | 3,755,000 | 187,750 | 3,942,750 |
| | <u>\$ 18,549,848</u> | <u>\$ 4,504,865</u> | <u>\$ 23,054,713</u> | <u>\$ 92,690,000</u> | <u>\$ 34,631,142</u> | <u>\$ 127,321,142</u> |

| TOTAL PAYABLE FROM PROPERTY TAXES | | | | PAYABLE FROM SPECIAL ASSESSMENTS | | |
|--------------------------------------|-----------------------|----------------------|-------------------------|-------------------------------------|----------------------|-------------------------|
| Year | Principal | Interest | Debt Service Charges | Principal | Interest | Debt Service Charges |
| 2004 | \$ 22,660,542 | \$ 8,262,228 | \$ 30,922,770 | \$ 14,905,000 | \$ 7,481,557 | \$ 22,386,557 |
| 2005 | 21,757,476 | 7,791,658 | 29,549,134 | 15,240,000 | 6,373,039 | 21,613,039 |
| 2006 | 20,023,640 | 7,077,234 | 27,100,874 | 14,110,000 | 5,676,733 | 19,786,733 |
| 2007 | 17,741,999 | 6,337,369 | 24,079,368 | 14,250,000 | 5,046,627 | 19,296,627 |
| 2008 | 16,848,128 | 5,677,881 | 22,526,009 | 13,905,000 | 4,474,029 | 18,379,029 |
| 2009 | 16,293,099 | 5,014,332 | 21,307,431 | 13,385,000 | 3,907,645 | 17,292,645 |
| 2010 | 14,034,127 | 4,396,832 | 18,430,959 | 13,560,000 | 3,344,560 | 16,904,560 |
| 2011 | 13,167,478 | 3,874,021 | 17,041,499 | 12,605,000 | 2,758,388 | 15,363,388 |
| 2012 | 13,605,428 | 3,365,699 | 16,971,127 | 11,600,000 | 2,215,048 | 13,815,048 |
| 2013 | 11,184,317 | 2,825,667 | 14,009,984 | 10,480,000 | 1,682,795 | 12,162,795 |
| 2014 | 7,225,000 | 1,536,785 | 8,761,785 | 8,775,000 | 1,205,623 | 9,980,623 |
| 2015 | 7,085,000 | 1,170,500 | 8,255,500 | 7,020,000 | 802,798 | 7,822,798 |
| 2016 | 7,405,000 | 811,750 | 8,216,750 | 4,890,000 | 480,858 | 5,370,858 |
| 2017 | 7,750,000 | 471,000 | 8,221,000 | 3,685,000 | 266,385 | 3,951,385 |
| 2018 | 3,755,000 | 187,750 | 3,942,750 | 2,455,000 | 105,075 | 2,560,075 |
| | <u>\$ 200,536,234</u> | <u>\$ 58,800,706</u> | <u>\$ 259,336,940</u> | <u>\$ 160,865,000</u> | <u>\$ 45,821,160</u> | <u>\$ 206,686,160</u> |

CITY OF WICHITA, KANSAS

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES PAYABLE FROM PROPRIETARY FUND REVENUES BASED ON BONDED DEBT AS OF DECEMBER 31, 2003

| PROPRIETARY FUNDS | | | | | | |
|-------------------|------------------|---------------|---------------------|---------------------|---------------------|-------------------|
| Year | Transit Fund | | Golf Course System | | Storm Water Utility | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2004 | \$ 16,010 | \$ 424 | \$ 633,982 | \$ 361,215 | \$ 1,751,320 | \$ 261,861 |
| 2005 | - | - | 653,982 | 324,486 | 1,831,320 | 186,878 |
| 2006 | - | - | 632,602 | 286,254 | 1,917,377 | 107,352 |
| 2007 | - | - | 464,026 | 254,256 | 282,377 | 62,688 |
| 2008 | - | - | 479,947 | 232,213 | 282,377 | 55,275 |
| 2009 | - | - | 504,947 | 208,958 | 282,377 | 46,804 |
| 2010 | - | - | 525,000 | 184,243 | 282,378 | 37,274 |
| 2011 | - | - | 555,000 | 158,255 | 282,378 | 27,179 |
| 2012 | - | - | 590,000 | 130,228 | 282,378 | 16,660 |
| 2013 | - | - | 620,000 | 99,990 | 282,378 | 5,648 |
| 2014 | - | - | 660,000 | 67,750 | - | - |
| 2015 | - | - | 695,000 | 34,750 | - | - |
| | <u>\$ 16,010</u> | <u>\$ 424</u> | <u>\$ 7,014,486</u> | <u>\$ 2,342,598</u> | <u>\$ 7,476,660</u> | <u>\$ 807,619</u> |

| PROPRIETARY FUNDS | | | | | |
|-------------------|---------------------|-------------------|----------------------|---------------------|----------------------|
| Year | Airport Authority | | Totals | | Debt Service Charges |
| | Principal | Interest | Principal | Interest | |
| 2004 | \$ 575,000 | \$ 229,283 | \$ 2,976,312 | \$ 852,783 | \$ 3,829,095 |
| 2005 | 590,000 | 196,305 | 3,075,302 | 707,669 | 3,782,971 |
| 2006 | 625,000 | 163,900 | 3,174,979 | 557,506 | 3,732,485 |
| 2007 | 605,000 | 129,149 | 1,351,403 | 446,093 | 1,797,496 |
| 2008 | 640,000 | 94,933 | 1,402,324 | 382,421 | 1,784,745 |
| 2009 | 675,000 | 58,306 | 1,462,324 | 314,068 | 1,776,392 |
| 2010 | 525,000 | 19,563 | 1,332,378 | 241,080 | 1,573,458 |
| 2011 | 80,000 | 4,240 | 917,378 | 189,674 | 1,107,052 |
| 2012 | - | - | 872,378 | 146,888 | 1,019,266 |
| 2013 | - | - | 902,378 | 105,638 | 1,008,016 |
| 2014 | - | - | 660,000 | 67,750 | 727,750 |
| 2015 | - | - | 695,000 | 34,750 | 729,750 |
| | <u>\$ 4,315,000</u> | <u>\$ 895,679</u> | <u>\$ 18,822,156</u> | <u>\$ 4,046,320</u> | <u>\$ 22,868,476</u> |

CITY OF WICHITA, KANSAS

SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES PAYABLE FROM PROPRIETARY FUND AND COMPONENT UNIT REVENUES BASED ON BONDED DEBT AS OF DECEMBER 31, 2003

| PROPRIETARY FUNDS | | | | | | |
|-------------------|-----------------------|----------------------|-----------------------|----------------------|------------------------------|----------------------|
| Year | Water Utility | | Sewer Utility | | Wichita Airport Authority | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2004 | \$ 5,881,628 | \$ 6,192,830 | \$ 4,528,274 | \$ 5,875,917 | \$ 2,433,699 | \$ 4,931,357 |
| 2005 | 6,175,624 | 5,874,435 | 4,760,898 | 5,641,282 | 3,736,173 | 4,719,801 |
| 2006 | 6,457,088 | 5,600,644 | 4,966,606 | 5,450,386 | 1,318,218 | 4,541,506 |
| 2007 | 6,768,507 | 5,309,109 | 5,202,936 | 5,244,666 | 1,409,317 | 4,450,122 |
| 2008 | 6,652,820 | 4,997,523 | 5,096,978 | 5,018,690 | 355,000 | 4,372,006 |
| 2009 | 7,265,900 | 4,708,407 | 5,452,887 | 4,799,878 | 11,802,445 | 4,349,226 |
| 2010 | 7,196,760 | 4,386,191 | 5,171,678 | 4,567,215 | 510,000 | 3,414,663 |
| 2011 | 7,554,459 | 4,029,756 | 5,944,327 | 4,310,635 | 545,000 | 3,381,986 |
| 2012 | 7,902,734 | 3,646,028 | 6,727,127 | 4,011,866 | 575,000 | 3,346,865 |
| 2013 | 7,081,905 | 3,282,505 | 6,119,793 | 3,701,716 | 545,000 | 3,308,832 |
| 2014 | 7,448,164 | 2,945,286 | 6,406,172 | 3,411,547 | 515,000 | 3,274,535 |
| 2015 | 7,863,719 | 2,588,064 | 6,774,091 | 3,103,208 | 80,000 | 3,240,172 |
| 2016 | 8,342,708 | 2,204,286 | 7,189,452 | 2,766,348 | 90,000 | 3,235,172 |
| 2017 | 5,578,392 | 1,797,390 | 5,049,036 | 2,409,075 | 95,000 | 3,229,547 |
| 2018 | 5,934,887 | 1,538,921 | 5,358,772 | 2,156,300 | 100,000 | 3,223,610 |
| 2019 | 3,330,897 | 1,264,284 | 4,510,000 | 1,888,199 | - | 3,217,360 |
| 2020 | 3,489,190 | 1,098,991 | 4,725,000 | 1,662,699 | - | 3,217,360 |
| 2021 | 3,663,588 | 925,844 | 4,975,000 | 1,426,449 | 1,300,000 | 3,139,631 |
| 2022 | 3,275,000 | 750,576 | 5,225,000 | 1,177,699 | - | 3,119,860 |
| 2023 | 3,450,000 | 586,826 | 5,475,000 | 916,449 | - | 3,119,860 |
| 2024 | 1,550,000 | 414,326 | 2,400,000 | 642,699 | - | 3,119,860 |
| 2025 | 1,745,000 | 336,826 | 2,695,000 | 522,699 | - | 3,119,860 |
| 2026 | 1,745,000 | 253,451 | 2,695,000 | 393,924 | - | 3,119,860 |
| 2027 | 1,740,000 | 170,076 | 2,700,000 | 265,149 | - | 3,119,860 |
| 2028 | 1,820,000 | 86,939 | 2,850,000 | 136,137 | - | 3,119,860 |
| 2029 | - | - | - | - | - | 3,119,860 |
| 2030 | - | - | - | - | - | 3,119,860 |
| 2031 | - | - | - | - | 2,860,000 | 3,113,425 |
| 2032 | - | - | - | - | 49,300,000 | 1,540,625 |
| | <u>\$ 129,913,970</u> | <u>\$ 64,989,514</u> | <u>\$ 122,999,027</u> | <u>\$ 71,500,832</u> | <u>\$ 77,569,852</u> | <u>\$ 99,326,541</u> |

| COMPONENT UNIT | | | | | |
|---------------------------------------|---------------------|-----------------------|-----------------------|-------------------------|--------------------|
| Wichita Public Building Commission | | | Totals | | |
| Principal | Interest | Principal | Interest | Debt Service Charges | |
| \$ 1,430,000 | \$ 1,332,195 | \$ 14,273,601 | \$ 18,332,299 | \$ | 32,605,900 |
| 2,560,000 | 1,203,196 | 17,232,695 | 17,438,714 | | 34,671,409 |
| 2,760,000 | 1,126,466 | 15,501,912 | 16,719,002 | | 32,220,914 |
| 2,525,000 | 1,035,824 | 15,905,760 | 16,039,721 | | 31,945,481 |
| 2,425,000 | 949,209 | 14,529,798 | 15,337,428 | | 29,867,226 |
| 2,505,000 | 865,586 | 27,026,232 | 14,723,097 | | 41,749,329 |
| 2,595,000 | 773,228 | 15,473,438 | 13,141,297 | | 28,614,735 |
| 2,695,000 | 677,553 | 16,738,786 | 12,399,930 | | 29,138,716 |
| 2,790,000 | 581,495 | 17,994,861 | 11,586,254 | | 29,581,115 |
| 2,890,000 | 473,695 | 16,636,698 | 10,766,748 | | 27,403,446 |
| 3,010,000 | 354,263 | 17,379,336 | 9,985,631 | | 27,364,967 |
| 1,480,000 | 220,960 | 16,197,810 | 9,152,404 | | 25,350,214 |
| 1,555,000 | 146,315 | 17,177,160 | 8,352,121 | | 25,529,281 |
| 1,630,000 | 69,196 | 12,352,428 | 7,505,208 | | 19,857,636 |
| 100,000 | 28,420 | 11,493,659 | 6,947,251 | | 18,440,910 |
| 100,000 | 24,420 | 7,940,897 | 6,394,263 | | 14,335,160 |
| 105,000 | 20,020 | 8,319,190 | 5,999,070 | | 14,318,260 |
| 110,000 | 15,400 | 10,048,588 | 5,507,324 | | 15,555,912 |
| 115,000 | 10,560 | 8,615,000 | 5,058,695 | | 13,673,695 |
| 125,000 | 5,500 | 9,050,000 | 4,628,635 | | 13,678,635 |
| - | - | 3,950,000 | 4,176,885 | | 8,126,885 |
| - | - | 4,440,000 | 3,979,385 | | 8,419,385 |
| - | - | 4,440,000 | 3,767,235 | | 8,207,235 |
| - | - | 4,440,000 | 3,555,085 | | 7,995,085 |
| - | - | 4,670,000 | 3,342,936 | | 8,012,936 |
| - | - | - | 3,119,860 | | 3,119,860 |
| - | - | - | 3,119,860 | | 3,119,860 |
| - | - | 2,860,000 | 3,113,425 | | 5,973,425 |
| - | - | 49,300,000 | 1,540,625 | | 50,840,625 |
| <u>\$ 33,505,000</u> | <u>\$ 9,913,501</u> | <u>\$ 363,987,849</u> | <u>\$ 245,730,388</u> | <u>\$</u> | <u>609,718,237</u> |

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS

December 31, 2003

| | Interest Rates | | Maturity Dates | | Carrying Amount | Fair Value |
|--|----------------|--------|----------------|-------|-----------------|-------------|
| | From | To | From | To | | |
| <u>Special Revenue Funds</u> | | | | | | |
| Wichita Housing Authority: | | | | | | |
| Certificates of Deposits | 1.060 | 1.300 | 02/04 | 05/04 | \$ 900,000 | \$ 900,000 |
| Total Special Revenue Funds | | | | | 900,000 | 900,000 |
| <u>Permanent Fund</u> | | | | | | |
| Cemetery Fund: | | | | | | |
| U.S. Government Obligations | - | 13.875 | - | 05/11 | 173,530 | 196,898 |
| Common Stocks | - | - | - | - | 80,437 | 411,319 |
| Total Permanent Fund | | | | | 253,967 | 608,217 |
| <u>Internal Service Funds</u> | | | | | | |
| Self Insurance Fund: | | | | | | |
| Group Life Insurance Fund: | | | | | | |
| U.S. Government Obligations | - | 13.875 | - | 05/11 | 197,255 | 222,305 |
| Corporate Bonds and Debentures | - | 6.125 | - | 01/06 | 49,729 | 51,958 |
| Total Internal Service Funds | | | | | 246,984 | 274,263 |
| <u>Fiduciary Funds</u> | | | | | | |
| Police and Fire Retirement System: | | | | | | |
| U.S. Government and Agency Securities | 2.750 | 7.500 | 03/06 | 03/31 | 11,192,434 | 11,192,434 |
| Corporate Bonds and Debentures | 3.875 | 9.340 | 02/04 | 04/32 | 30,321,675 | 30,321,675 |
| Common Stocks | - | - | - | - | 163,102,933 | 163,102,933 |
| Mortgage and Asset Backed Securities | 5.000 | 11.500 | 07/05 | 11/33 | 16,931,968 | 16,931,968 |
| Securities Lending Collateral Pool | - | - | - | - | - | - |
| Mutual/Pooled Funds | - | - | - | - | 129,252,692 | 129,252,692 |
| Total Police and Fire Retirement | | | | | 350,801,702 | 350,801,702 |
| Wichita Employees' Retirement System: ¹ | | | | | | |
| U.S. Government and Agency Securities | 2.750 | 7.500 | 03/06 | 03/31 | 13,044,946 | 13,044,946 |
| Corporate Bonds and Debentures | 3.875 | 9.340 | 02/04 | 04/32 | 35,340,359 | 35,340,359 |
| Common Stocks | - | - | - | - | 190,098,878 | 190,098,878 |
| Mortgage and Asset Backed Securities | 5.000 | 11.500 | 07/05 | 11/33 | 19,734,459 | 19,734,459 |
| Securities Lending Collateral Pool | - | - | - | - | - | - |
| Mutual/Pooled Funds | - | - | - | - | 160,551,113 | 160,551,113 |
| Total Wichita Employees' Retirement | | | | | 418,769,755 | 418,769,755 |

¹ The investments for the Wichita Employees' Retirement System include investments held by the Employees' Retirement Plan 3.

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS

December 31, 2003

| | Interest Rates | | Maturity Dates | | Carrying Amount | Fair Value |
|-------------------------------------|----------------|-----------|----------------|-----------|------------------|------------------|
| | <u>From</u> | <u>To</u> | <u>From</u> | <u>To</u> | | |
| Special Assessment Prepay: | | | | | | |
| U.S. Government Obligations | - | 9.375 | 02/06 | 11/16 | \$ 400,820 | \$ 419,986 |
| Total Special Assessment Prepay | | | | | 400,820 | 419,986 |
| Total Fiduciary Funds | | | | | 769,972,277 | 769,991,443 |
| <u>Component Unit</u> | | | | | | |
| Wichita Public Building Commission: | | | | | | |
| Mutual/Pooled Funds | - | - | - | - | 1,918,271 | 1,918,271 |
| Total Public Building Commission | | | | | 1,918,271 | 1,918,271 |
| <u>Treasurer's Pooled Cash</u> | | | | | | |
| Certificates of Deposits | 0.880 | 3.200 | 03/04 | 12/04 | 10,800,000 | 10,800,000 |
| U.S. Government Obligations | 0.900 | 4.875 | 01/04 | 08/07 | 276,613,434 | 277,155,618 |
| Total Treasurer's Pooled Cash | | | | | 287,413,434 | 287,955,618 |
| Total Investments - All Funds | | | | | \$ 1,060,704,933 | \$ 1,061,647,812 |

CITY OF WICHITA, KANSAS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2003

| Company | Policy Number | Policy Period | | Details of Coverage |
|--|-----------------------------|---------------|-------|--|
| | | From | To | |
| Allianz | CLP3000372 | 01-03 | 01-04 | Property Insurance - All risk coverage on real and personal property in the City and property for others for which the City is legally liable. Values I.A.W. Statement of values on replacement cost basis |
| Allianz | CLP3000372 | 01-03 | 01-04 | Property Insurance - Comprehensive coverage for steam boilers, air conditioning and electric motors. Property coverage of repair or replacement cost basis |
| Allianz | CLP3000372 | 01-03 | 01-04 | Data Processing Property Protection |
| Hartford Fire | 37BPEAI5991 | 01-03 | 01-04 | Burglary and/or theft coverage for monies and securities |
| Hartford Fire | 37BPEAI5991 | 01-03 | 01-04 | Blanket Position Bond - coverage per dishonest acts of employees |
| Housing Authority Risk Retention Group, Inc. | 17-0055-2003-0000-0 | 06-03 | 06-04 | WHA General Liability |
| Travelers Indemnity Co. | 42/KTJCMB 199D292-8-2003 | 06-03 | 06-04 | WHA Fire Insurance on all owned units |
| Philadelphia Indemnity Insurance | 15180580378100 | 11-03 | 11-04 | WHA Flood Insurance on 29 units |

| <u>Terms</u> | <u>Deductible</u> | <u>Liability Limits</u> | <u>Annual Premium</u> |
|-----------------------|-------------------|-----------------------------|---------------------------|
| Per occurrence | \$ 100,000 | \$ 382,722,195 | \$ 383,751 |
| Per occurrence | 10,000 | 55,000,000 | (included in property) |
| Hardware | 100,000 | 10,000,000 | (included in property) |
| Per occurrence | 10,000 | 500,000 | 7,018 |
| Per loss/per employee | 5,000 | 1,000,000 | (included in burglary) |
| Per occurrence | 10,000 | 5,000,000 | 28,533 |
| Per occurrence | 5,000 | 38,748,029 | 145,127 |
| Per occurrence | 5,000 | 48,000 per unit | 11,584 |

CITY OF WICHITA, KANSAS

SCHEDULE OF INSURANCE IN FORCE (CONTINUED)

December 31, 2003

| Company | Policy Number | Policy Period | | Details of Coverage |
|---|------------------|---------------|-------|---|
| | | From | To | |
| <u>WICHITA AIRPORT AUTHORITY</u> | | | | |
| Aircraft Aviation | AAPN00972034 | 07-03 | 07-04 | Comprehensive general liability and property damage |
| Great American Alliance Insurance Company | KST7-73-17-41-12 | 04-03 | 04-04 | Underground storage tank liability |
| <u>WICHITA ART MUSEUM</u> | | | | |
| Ace Fire Underwriters Insurance Company | MVPI20008374 | 01-03 | 01-04 | All risk coverage for fine arts collections, on premises, worldwide transit coverage, and other locations |
| <u>WICHITA PUBLIC BUILDING COMMISSION - STATE OFFICE BUILDING</u> | | | | |
| St. Paul | CF01200313 | 01-03 | 01-04 | Property - buildings and earnings State Office Building and Parking Facility |
| Western Heritage | 03SCP0454604 | 01-03 | 01-04 | Comprehensive general liability |

| <u>Terms</u> | <u>Deductible</u> | <u>Liability Limits</u> | <u>Annual Premium</u> |
|---|-------------------|---|---------------------------|
| | \$ 10,000 | \$ 50,000,000 | \$ 39,102 |
| | 10,000 | 1,000,000 | 3,788 |
| Per occurrence Permanent Collection and Loan Collection | 1,000 | 50,000,000 @ insured's premises; 20,000,000 @ any other location; 20,000,000 in transit; 50,000,000 any one loss/disaster | 16,500 |
| Per occurrence as scheduled | 5,000 | 27,500,000 | 29,999 |
| Per occurrence | 1,000 | 2,000,000 | <u>31,631</u> |
| | | TOTAL | <u><u>\$ 930,429</u></u> |

—— STATISTICAL SECTION ——

The Statistical Section includes schedules showing ten-year financial trends as extracted from current and prior years' financial reports and supplemental information relevant to the City. The statistical schedules reflect social and economic data, financial trends and the fiscal capacity of the City.

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CITY OF WICHITA, KANSAS

GENERAL GOVERNMENT REVENUES BY SOURCE ¹ 1994 TO 2003

| Year | Taxes | Special Assessments | Franchise Fees | Local Sales Tax | Intergovernmental | Licenses and Permits |
|------|---------------|---------------------|----------------|-----------------|-------------------|----------------------|
| 1994 | \$ 58,672,110 | \$ 26,853,776 | \$ 24,276,855 | \$ 32,691,620 | \$ 45,127,486 | \$ 3,914,580 |
| 1995 | 59,109,590 | 28,338,380 | 24,093,937 | 33,183,589 | 48,580,678 | 3,601,599 |
| 1996 | 59,962,122 | 28,529,206 | 26,138,340 | 33,492,240 | 58,069,696 | 3,451,183 |
| 1997 | 63,692,486 | 26,894,346 | 26,455,348 | 35,359,410 | 59,292,126 | 4,484,107 |
| 1998 | 66,415,469 | 24,778,035 | 27,208,461 | 39,129,814 | 58,699,654 | 4,657,614 |
| 1999 | 68,046,858 | 23,915,289 | 27,636,037 | 38,237,574 | 75,954,075 | 4,714,786 |
| 2000 | 75,663,130 | 25,876,797 | 29,088,392 | 37,778,881 | 73,681,578 | 5,272,042 |
| 2001 | 81,585,715 | 26,294,749 | 31,521,170 | 40,187,186 | 71,329,574 | 6,382,478 |
| 2002 | 86,915,250 | 27,557,210 | 28,792,310 | 40,952,104 | 66,352,482 | 6,331,427 |
| 2003 | 90,843,658 | 25,875,386 | 29,259,353 | 39,735,404 | 90,491,983 | 5,614,375 |

¹ All Governmental Fund types including Expendable Trust Funds are reported for 1994-2001.

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION ¹ 1994 TO 2003

| Year | General Government | Public Safety | Highways and Streets | Sanitation | Health and Welfare |
|------|--------------------|---------------|----------------------|--------------|--------------------|
| 1994 | \$ 20,285,269 | \$ 58,339,106 | \$ 12,701,232 | \$ 2,306,356 | \$ 25,366,165 |
| 1995 | 22,833,395 | 62,162,833 | 17,098,696 | 2,296,627 | 29,159,834 |
| 1996 | 21,660,305 | 66,256,654 | 15,528,097 | 2,528,351 | 29,722,211 |
| 1997 | 21,952,110 | 68,125,546 | 14,784,097 | 4,261,661 | 32,923,765 |
| 1998 | 23,021,931 | 71,029,077 | 16,706,548 | 4,618,925 | 29,287,476 |
| 1999 | 24,452,917 | 72,930,754 | 15,960,318 | 5,407,763 | 31,573,314 |
| 2000 | 23,979,859 | 76,700,135 | 17,368,273 | 4,649,402 | 37,618,452 |
| 2001 | 25,496,253 | 78,639,160 | 17,685,470 | 6,814,361 | 38,740,569 |
| 2002 | 29,643,689 | 84,887,467 | 18,658,540 | 4,466,424 | 36,821,609 |
| 2003 | 25,342,630 | 86,742,013 | 17,726,020 | 3,590,546 | 38,100,143 |

¹ All Governmental Fund types including Expendable Trust Funds are reported for 1994-2001.

| <u>Fines and Penalties</u> | <u>Rentals</u> | <u>Interest Earnings</u> | <u>Charges for Services and Sales</u> | <u>Other Revenues</u> | <u>Total</u> |
|------------------------------------|----------------|------------------------------|---|-----------------------|----------------|
| \$ 4,063,191 | \$ 2,315,069 | \$ 4,495,055 | \$ 10,415,973 | \$ 8,183,223 | \$ 221,008,938 |
| 4,679,451 | 3,188,435 | 7,217,020 | 11,042,673 | 13,560,612 | 236,595,964 |
| 5,695,209 | 3,008,191 | 6,700,032 | 12,015,048 | 9,113,406 | 246,174,673 |
| 6,515,083 | 2,815,832 | 7,101,566 | 18,936,042 | 12,028,020 | 263,574,366 |
| 8,998,905 | 3,245,227 | 7,881,271 | 21,238,172 | 22,486,769 | 284,739,391 |
| 9,181,475 | 3,949,500 | 8,489,135 | 18,722,159 | 17,038,890 | 295,885,778 |
| 7,399,707 | 4,147,772 | 10,211,981 | 19,775,297 | 13,470,521 | 302,366,098 |
| 6,851,819 | 4,331,335 | 10,441,337 | 18,443,762 | 16,592,383 | 313,961,508 |
| 8,139,288 | 4,601,521 | 7,827,183 | 9,950,483 | 12,925,040 | 300,344,298 |
| 8,453,523 | 4,175,241 | 5,053,383 | 9,841,535 | 15,340,542 | 324,684,383 |

| <u>Culture and Recreation</u> | <u>Debt Service</u> | <u>Capital Outlay</u> | <u>Total</u> |
|-----------------------------------|-------------------------|-----------------------|----------------|
| \$ 20,202,191 | \$ 48,705,664 | \$ 71,308,304 | \$ 259,214,287 |
| 20,620,601 | 56,365,121 | 48,540,879 | 259,077,986 |
| 21,535,199 | 58,782,974 | 78,466,561 | 294,480,352 |
| 22,821,354 | 74,909,826 | 71,485,686 | 311,264,045 |
| 23,796,658 | 71,406,993 | 73,175,976 | 313,043,584 |
| 23,723,105 | 65,056,260 | 94,253,708 | 333,358,139 |
| 24,386,160 | 62,857,860 | 78,919,861 | 326,480,002 |
| 25,098,424 | 68,993,318 | 115,791,635 | 377,259,190 |
| 27,270,944 | 108,846,914 | 123,827,952 | 434,423,539 |
| 25,986,538 | 70,888,409 | 171,333,093 | 439,709,392 |

CITY OF WICHITA, KANSAS

TAX LEVIES AND COLLECTIONS GENERAL AND DEBT SERVICE FUNDS 1994 to 2003 INCLUSIVE (Includes Tangible Property Taxes Only)

| Year ¹ | Total Tax Levy | Current Tax Collections | Percentage Current Tax Collected | Prior Years Delinquent Tax Collections | Total Tax Collections | Ratio of Total Collections to Current Tax Levy |
|-------------------|----------------|-------------------------|----------------------------------|--|-----------------------|--|
| 1994 | \$ 46,870,890 | \$ 44,900,615 | 95.80% | \$ 1,408,243 | \$ 46,308,858 | 98.80% |
| 1995 | 47,839,850 | 44,721,966 | 93.48 | 1,548,661 | 46,270,627 | 96.72 |
| 1996 | 48,606,040 | 45,891,724 | 94.42 | 1,071,021 | 46,962,745 | 96.62 |
| 1997 | 50,127,520 | 48,453,454 | 96.66 | 1,059,780 | 49,513,234 | 98.77 |
| 1998 | 52,357,401 | 50,552,832 | 96.55 | 892,780 | 51,445,612 | 98.26 |
| 1999 | 54,978,750 | 52,894,709 | 96.21 | 1,118,586 | 54,013,295 | 98.24 |
| 2000 | 59,640,740 | 56,956,649 | 95.50 | 1,050,126 | 58,006,775 | 97.26 |
| 2001 | 65,180,140 | 61,319,251 | 94.08 | 1,138,608 | 62,457,859 | 95.82 |
| 2002 | 68,935,070 | 65,482,585 | 94.99 | 1,509,304 | 66,991,889 | 97.18 |
| 2003 | 72,658,900 | 68,607,004 | 94.42 | 1,579,345 | 70,186,349 | 96.60 |

TAX LEVIES AND COLLECTIONS TAX INCREMENT FINANCE DISTRICTS 1994 to 2003 INCLUSIVE (Includes Tangible Property Taxes Only)

| Year ¹ | Total Tax Levy | Current Tax Collections | Percentage Current Tax Collected | Prior Years Delinquent Tax Collections | Total Tax Collections | Ratio of Total Collections to Current Tax Levy |
|-------------------|----------------|-------------------------|----------------------------------|--|-----------------------|--|
| 1994 | \$ 450,000 | \$ 449,080 | 99.80% | \$ 5,058 | \$ 454,138 | 100.92% |
| 1995 | 463,000 | 348,300 | 75.23 | 14,410 | 362,710 | 78.34 |
| 1996 | 472,000 | 419,174 | 88.81 | 10,118 | 429,292 | 90.95 |
| 1997 | 925,770 | 883,832 | 95.47 | 16,777 | 900,609 | 97.28 |
| 1998 | 800,000 | 750,460 | 93.81 | 21,604 | 772,064 | 96.51 |
| 1999 | 1,895,880 | 1,376,153 | 72.59 | 21,726 | 1,397,879 | 73.73 |
| 2000 | 2,655,850 | 2,148,679 | 80.90 | 33,870 | 2,182,549 | 82.18 |
| 2001 | 4,422,170 | 3,823,155 | 86.45 | 52,416 | 3,875,571 | 87.64 |
| 2002 | 4,467,370 | 3,851,044 | 86.20 | 94,646 | 3,945,690 | 88.32 |
| 2003 | 4,137,950 | 4,280,190 | 103.44 | 140,673 | 4,420,863 | 106.84 |

SPECIAL ASSESSMENT LEVIES AND COLLECTIONS 1994 to 2003 INCLUSIVE

| Year ¹ | Assessments Certified to County | Current Assessment Collections ² | Percentage Current Assessments Collected | Prior Years Assessments Collected | Total Assessment Collections | Ratio of Total Collections to Current Assessment |
|-------------------|---------------------------------|---|--|-----------------------------------|------------------------------|--|
| 1994 | \$ 24,408,596 | \$ 25,523,004 | 104.57% | \$ 1,236,376 | \$ 26,759,380 | 109.63% |
| 1995 | 25,351,548 | 24,017,851 | 94.74 | 1,098,876 | 25,116,727 | 99.07 |
| 1996 | 25,662,300 | 24,371,950 | 94.97 | 900,252 | 25,272,202 | 98.48 |
| 1997 | 25,263,304 | 24,094,281 | 95.37 | 900,990 | 24,995,271 | 98.94 |
| 1998 | 22,134,813 | 21,152,108 | 95.56 | 822,551 | 21,974,659 | 99.28 |
| 1999 | 21,625,243 | 20,758,882 | 95.99 | 989,461 | 21,748,343 | 100.57 |
| 2000 | 22,964,692 | 21,960,411 | 95.63 | 758,196 | 22,718,607 | 98.93 |
| 2001 | 24,537,934 | 23,275,284 | 94.85 | 751,457 | 24,026,741 | 97.92 |
| 2002 | 24,206,238 | 22,925,598 | 94.71 | 1,244,564 | 24,170,162 | 99.85 |
| 2003 | 23,787,996 | 22,607,207 | 95.04 | 1,083,634 | 23,690,841 | 99.59 |

¹ The year shown is the year in which collections were received. The levy or assessment is certified to the county the previous year.

² Special assessments to proprietary funds and any advance payments not included.

CITY OF WICHITA, KANSAS

ASSESSED VALUE AND ESTIMATED TRUE VALUE OF ALL TAXABLE TANGIBLE PROPERTY 1994 TO 2003 INCLUSIVE

| Year | Real Property | | Tangible Personal Property | |
|------|------------------|------------------------|----------------------------|------------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value |
| 1994 | \$ 1,190,205,786 | \$ 7,661,038,390 | \$ 215,289,469 | \$ 859,795,357 |
| 1995 | 1,208,721,313 | 7,923,388,216 | 218,194,371 | 877,170,530 |
| 1996 | 1,260,063,412 | 8,689,848,424 | 226,437,965 | 914,773,380 |
| 1997 | 1,322,922,200 | 9,116,262,709 | 233,093,559 | 943,477,660 |
| 1998 | 1,398,595,181 | 9,660,784,011 | 240,784,909 | 987,508,010 |
| 1999 | 1,521,203,304 | 10,572,931,388 | 258,933,472 | 1,067,548,300 |
| 2000 | 1,666,014,499 | 11,620,282,660 | 291,867,085 | 1,214,677,550 |
| 2001 | 1,787,594,359 | 12,475,184,748 | 273,783,041 | 1,153,727,190 |
| 2002 | 1,888,529,721 | 13,132,042,982 | 277,106,015 | 1,154,746,660 |
| 2003 | 2,064,518,376 | 14,310,944,391 | 276,057,054 | 1,147,883,620 |

| Year | Property Assessed by State | | Totals | |
|------|----------------------------|------------------------|----------------------------|------------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value |
| 1994 | \$ 115,520,302 | \$ 350,061,521 | \$ 1,521,015,557 | \$ 8,870,895,268 |
| 1995 | 123,423,836 | 374,011,624 | 1,550,339,520 | 9,174,570,370 |
| 1996 | 118,913,895 | 360,345,136 | 1,605,415,272 | 9,964,966,940 |
| 1997 | 117,722,543 | 356,734,979 | 1,673,738,302 | 10,416,475,348 |
| 1998 | 120,750,610 | 365,910,939 | 1,760,130,700 | 11,014,202,960 |
| 1999 | 119,767,969 | 362,933,239 | 1,899,904,745 | 12,003,412,927 |
| 2000 | 118,859,506 | 360,180,322 | 2,076,741,090 | 13,195,140,532 |
| 2001 | 120,686,046 | 365,715,291 | 2,182,063,446 | 13,994,627,229 |
| 2002 | 128,885,519 | 390,562,179 | 2,294,521,255 | 14,677,351,821 |
| 2003 | 118,371,640 | 358,701,939 | 2,458,947,070 ¹ | 15,817,529,950 |

¹ The total assessed valuation for 2001 times the tax rate for 2002 produces revenue for 2003 operations
Source: Sedgwick County Clerk and Sedgwick County Appraiser.

TAX RATES (PER \$1,000 ASSESSED VALUATION) 1994 TO 2003 INCLUSIVE

| Year ² | General | Debt and Interest | Total | State | Sedgwick County | Board of Education USD 259 | Wichita State University | Totals |
|-------------------|---------|-------------------|--------|-------|-----------------|----------------------------|--------------------------|---------|
| 1994 | 21.932 | 9.358 | 31.290 | 1.500 | 26.622 | 52.508 | 1.500 | 113.420 |
| 1995 | 21.394 | 10.049 | 31.443 | 1.500 | 26.660 | 53.609 | 1.500 | 114.712 |
| 1996 | 21.261 | 9.986 | 31.247 | 1.500 | 26.561 | 51.874 | 1.500 | 112.682 |
| 1997 | 21.232 | 9.993 | 31.225 | 1.500 | 28.717 | 44.383 | 1.479 | 107.304 |
| 1998 | 21.251 | 10.002 | 31.253 | 1.500 | 28.138 | 37.636 | 1.500 | 100.027 |
| 1999 | 21.355 | 10.051 | 31.406 | 1.500 | 27.199 | 37.526 | 1.500 | 99.131 |
| 2000 | 21.323 | 10.036 | 31.359 | 1.500 | 27.057 | 46.163 | 1.543 | 107.622 |
| 2001 | 21.437 | 10.037 | 31.474 | 1.500 | 27.154 | 54.926 | 1.500 | 116.554 |
| 2002 | 21.727 | 10.118 | 31.845 | 1.500 | 27.276 | 51.839 | 1.500 | 113.960 |
| 2003 | 21.886 | 10.019 | 31.905 | 1.500 | 27.317 | 51.408 | 1.500 | 113.630 |

² Represents year taxes were levied to provide support for ensuing budget year.

CITY OF WICHITA, KANSAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES 1994 to 2003 INCLUSIVE

| Fiscal Year | Principal | Interest | Total Debt Service ¹ | Total General Government Expenditures ² | Ratio of Debt Service to General Government Expenditures |
|----------------|---------------|---------------|---------------------------------------|---|---|
| 1994 | \$ 35,113,362 | \$ 12,910,898 | \$ 48,024,260 | \$ 259,214,287 | 18.53% |
| 1995 | 38,048,794 | 12,713,137 | 50,761,931 | 259,077,986 | 19.59 |
| 1996 | 40,824,242 | 12,562,333 | 53,386,575 | 294,480,352 | 18.13 |
| 1997 | 45,123,160 | 14,084,625 | 59,207,785 | 311,264,045 | 19.02 |
| 1998 | 30,964,711 | 12,624,084 | 43,588,795 | 313,043,584 | 13.92 |
| 1999 | 32,731,124 | 13,191,494 | 45,922,618 | 333,358,139 | 13.78 |
| 2000 | 35,299,048 | 14,103,933 | 49,402,981 | 326,480,002 | 15.13 |
| 2001 | 45,819,066 | 14,118,702 | 59,937,768 | 377,259,190 | 15.89 |
| 2002 | 37,999,607 | 13,925,542 | 51,925,149 | 434,423,539 | 11.95 |
| 2003 | 40,241,278 | 14,481,523 | 54,722,801 | 439,709,392 | 12.45 |

¹ Excludes debt service related to Section 108 loan.

² Includes expenditures of all governmental fund types.

CITY OF WICHITA, KANSAS

SCHEDULE OF LEGAL DEBT

Year ended December 31, 2003

| | | |
|---|----|--------------------|
| Equalized assessed valuation of taxable tangible property | \$ | 2,458,947,070 |
| Estimated tangible valuation of motor vehicles | | <u>352,820,358</u> |

| | | |
|---|----|----------------------|
| Equalized tangible valuation for computation of bonded indebtedness limitations | \$ | <u>2,811,767,428</u> |
|---|----|----------------------|

| | | |
|--|----|--------------------|
| Debt limit (30.0% of equalized tangible valuation) | \$ | <u>843,530,228</u> |
|--|----|--------------------|

| | | |
|---------------------------|--|-------------------|
| Total bonded indebtedness | | 744,211,240 |
| Temporary notes (1) | | <u>73,310,000</u> |

| | | |
|------------|--|-------------|
| Total debt | | 817,521,240 |
|------------|--|-------------|

| | | |
|---|----|-------------------|
| Less: Assets in Debt service fund available for payment for principal | \$ | 26,286,111 |
| Water Utility revenue bonds | | 129,913,970 |
| Sewer Utility revenue bonds | | 122,999,028 |
| Airport facilities revenue bonds | | 77,569,852 |
| Public Building Commission revenue bonds | | 33,505,000 |
| Other deductions allowed by law (2) | | |
| Airport (3) | | 4,315,000 |
| Sewer improvements (3) | | 51,446,353 |
| Park improvements (4) | | 8,605,706 |
| Local Sales Tax (5) | | <u>92,690,000</u> |

| | | |
|------------------|--|--------------------|
| Total deductions | | <u>547,331,020</u> |
|------------------|--|--------------------|

| | | |
|-------------------------------------|--|--------------------|
| Legal debt applicable to debt limit | | <u>270,190,220</u> |
|-------------------------------------|--|--------------------|

| | | |
|-------------------|----|--------------------|
| Legal debt margin | \$ | <u>573,340,008</u> |
|-------------------|----|--------------------|

| | | |
|--|----|-------------------|
| (1) G.O. series 208 dated 08/21/03, due 02/19/04 | \$ | <u>73,310,000</u> |
|--|----|-------------------|

| | | |
|-----------------------|----|-------------------|
| Total temporary notes | \$ | <u>73,310,000</u> |
|-----------------------|----|-------------------|

| | | |
|--|----|-------------------|
| Amount reclassified as bond anticipation notes | \$ | 22,968,952 |
| Remaining temporary notes | | <u>50,341,048</u> |

| | | |
|-----------------------|----|-------------------|
| Total temporary notes | \$ | <u>73,310,000</u> |
|-----------------------|----|-------------------|

(2) Kansas Statutes Annotated 79-5037

(3) Bonds and notes issued for any improvement to airport and sewer system including those payable from special assessments.

(4) Exempted from debt limitation as of July 1, 1975

(5) Kansas Statutes Annotated 12-195b

CITY OF WICHITA, KANSAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA 1994 to 2003 INCLUSIVE

| Fiscal Year | Population | Assessed Value | Gross Bonded Debt ¹ | Debt Service Monies Available | Debt Payable From Local Sales Tax |
|----------------|------------|-------------------|-----------------------------------|-------------------------------------|---|
| 1994 | 323,342 | \$ 1,813,383,741 | \$ 279,065,000 | \$ 9,150,868 | \$ 40,000,000 |
| 1995 | 323,192 | 1,803,873,557 | 271,645,000 | 8,758,360 | 35,000,000 |
| 1996 | 324,991 | 1,932,627,650 | 298,825,000 | 6,449,650 | 55,000,000 |
| 1997 | 328,576 | 2,015,713,886 | 279,215,000 | 2,525,891 | 47,500,000 |
| 1998 | 333,680 | 2,079,605,936 | 293,130,366 | 10,598,695 | 40,000,000 |
| 1999 | 335,562 | 2,213,539,119 | 305,885,369 | 15,490,109 | 32,500,000 |
| 2000 | 344,284 | 2,384,870,895 | 314,685,359 | 25,036,511 | 25,000,000 |
| 2001 | 345,474 | 2,514,971,481 | 279,827,300 | 6,393,033 | 17,500,000 |
| 2002 | 346,664 | 2,624,261,870 | 327,648,632 | 20,079,218 | 56,000,000 |
| 2003 | 346,505 | 2,811,767,428 | 380,223,390 | 26,286,111 | 92,690,000 |

¹ Includes all long-term general obligation debt.

| Debt Payable From Transient Guest Tax | Debt Payable From Proprietary And Component Unit Revenues | Debt Payable From Special Assessments | Net Bonded Debt | Ratio of Net Bonded Debt To Assessed Value | Net Bonded Debt Per Capita |
|---|--|---|--------------------|---|----------------------------------|
| \$ 8,305,000 | \$ 30,799,300 | \$ 134,508,288 | \$ 56,301,544 | 3.10 | \$ 174.12 |
| 7,700,000 | 26,421,566 | 131,972,087 | 61,792,987 | 3.43 | 191.20 |
| 7,040,000 | 37,599,496 | 131,445,100 | 61,290,754 | 3.17 | 188.59 |
| 8,650,000 | 31,522,790 | 132,085,952 | 56,930,367 | 2.82 | 173.26 |
| 17,407,988 | 25,267,501 | 140,993,973 | 58,862,209 | 2.83 | 176.40 |
| 17,509,400 | 19,098,427 | 149,115,000 | 72,172,433 | 3.26 | 215.08 |
| 16,203,204 | 25,062,472 | 158,375,000 | 65,008,172 | 2.73 | 188.82 |
| 14,397,547 | 21,278,480 | 149,255,000 | 71,003,240 | 2.82 | 205.52 |
| 12,519,875 | 18,689,488 | 148,540,000 | 71,820,051 | 2.74 | 207.17 |
| 10,552,208 | 18,822,156 | 160,865,000 | 71,007,915 | 2.53 | 204.93 |

CITY OF WICHITA, KANSAS

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT AS OF DECEMBER 31, 2001, 2002 AND 2003

| | <u>December 31, 2001</u> | |
|--|--|--|
| | <u>Percentage of debt applicable to City</u> | <u>City of Wichita share of debt</u> |
| Direct Debt: | | |
| General obligation bonded debt | | |
| Payable from ad valorem taxes | | \$ 77,396,273 |
| Temporary note debt | | <u>75,000,000</u> |
| Total direct debt | | 152,396,273 |
| Less - assets in debt service fund available for payment of principal | | <u>6,393,033</u> |
| Total net direct debt | | <u>146,003,240</u> |
| Overlapping debt: | | |
| Sedgwick County | 74.74 | 72,090,467 |
| USD 259 | 67.61 | 119,811,681 |
| Wichita Public Building Commission | 100.00 | <u>20,295,000</u> |
| Total overlapping debt | | <u>212,197,148</u> |
| Total direct and overlapping debt | | <u><u>\$ 358,200,388</u></u> |

| December 31, 2002 | | December 31, 2003 | |
|--|-------------------------------------|--|-------------------------------------|
| Percentage of debt applicable to City | City of Wichita share of debt | Percentage of debt applicable to City | City of Wichita share of debt |
| | \$ 71,979,724 | | \$ 78,744,178 |
| | <u>94,640,000</u> | | <u>73,310,000</u> |
| | 166,619,724 | | 152,054,178 |
| | <u>20,079,218</u> | | <u>26,286,111</u> |
| | <u>146,540,506</u> | | <u>125,768,067</u> |
| 75.05 | 80,228,450 | 74.68 | 84,664,716 |
| 66.86 | 176,741,067 | 65.94 | 166,633,677 |
| 100.00 | <u>18,785,000</u> | 100.00 | <u>18,025,000</u> |
| | <u>275,754,517</u> | | <u>269,323,393</u> |
| | <u>\$ 422,295,023</u> | | <u>\$ 395,091,460</u> |

CITY OF WICHITA, KANSAS

SCHEDULE OF WATER UTILITY REVENUE BOND COVERAGE 1994 TO 2003 INCLUSIVE

| Year | Gross Revenues ¹ | Operating Expenses ² | Net Revenue Available for Debt Service | Annual Debt Service Requirements ³ | Coverage Ratio |
|------|-----------------------------|---------------------------------|--|---|----------------|
| 1994 | \$ 27,095,326 | \$ 12,652,703 | \$ 14,442,623 | \$ 5,296,933 | 2.73% |
| 1995 | 24,806,078 | 12,880,976 | 11,925,102 | 5,259,342 | 2.27 |
| 1996 | 24,659,040 | 13,871,715 | 10,787,325 | 5,127,548 | 2.10 |
| 1997 | 25,418,775 | 13,532,744 | 11,886,031 | 6,519,080 | 1.82 |
| 1998 | 30,785,734 | 15,244,191 | 15,541,543 | 6,853,266 | 2.27 |
| 1999 | 27,341,518 | 15,425,735 | 11,915,783 | 7,254,413 | 1.64 |
| 2000 | 32,777,828 | 16,627,483 | 16,150,345 | 8,580,246 | 1.88 |
| 2001 | 39,639,003 | 17,479,825 | 22,159,178 | 9,067,078 | 2.44 |
| 2002 | 41,247,215 | 17,829,147 | 23,418,068 | 9,289,867 | 2.52 |
| 2003 | 40,431,959 | 17,911,055 | 22,520,904 | 10,892,117 | 2.07 |

¹ Total revenues (including interest). Beginning in 2001, in accordance with GASB 33, amounts previously reported as contributed capital are now included in revenue, as capital contributions.

² Total operating expenses including payments required under the contract with Bureau of Reclamation and exclusive of depreciation.

³ Total debt service requirements excludes the unbonded payments required under the contract with Bureau of Reclamation.

SCHEDULE OF SEWER UTILITY REVENUE BOND COVERAGE 1994 TO 2003 INCLUSIVE

| Year | Gross Revenues ¹ | Operating Expenses ² | Net Revenue Available for Debt Service | Annual Debt Service Requirements | Coverage Ratio |
|------|-----------------------------|---------------------------------|--|----------------------------------|----------------|
| 1994 | \$ 20,127,633 | \$ 11,563,883 | \$ 8,563,750 | \$ 3,987,677 | 2.15% |
| 1995 | 21,888,912 | 12,055,854 | 9,833,058 | 3,974,760 | 2.47 |
| 1996 | 22,390,856 | 12,671,220 | 9,719,636 | 3,958,638 | 2.46 |
| 1997 | 22,041,016 | 12,416,509 | 9,624,507 | 4,790,108 | 2.01 |
| 1998 | 23,776,072 | 12,744,377 | 11,031,695 | 5,890,201 | 1.87 |
| 1999 | 22,269,290 | 13,173,497 | 9,095,793 | 6,433,431 | 1.41 |
| 2000 | 25,015,390 | 13,494,073 | 11,521,317 | 6,778,935 | 1.70 |
| 2001 | 52,684,645 | 14,768,401 | 37,916,244 | 7,000,505 | 5.42 |
| 2002 | 30,205,785 | 15,938,358 | 14,267,427 | 6,506,508 | 2.19 |
| 2003 | 33,054,188 | 16,251,949 | 16,802,239 | 9,005,649 | 1.87 |

¹ Total revenues (including interest). Beginning in 2001, in accordance with GASB 33, amounts previously reported as contributed capital are now included in revenue, as capital contributions.

² Total operating expenses exclusive of depreciation.

CITY OF WICHITA, KANSAS

PRINCIPAL TAXPAYERS

DECEMBER 31, 2003

| Taxpayer | Type of Business | 2003 Assessed Valuation | Percent of Total Assessed Valuation \$2,811,767,428 |
|------------------------------|------------------------|-------------------------------|---|
| City of Wichita: | | | |
| Southwestern Bell | Communication | \$ 43,927,346 | 1.56 |
| Westar Energy | Electric utility | 41,577,643 | 1.48 |
| Wesley Medical Center | Health care services | 23,963,275 | 0.85 |
| Simon Property Group | Shopping mall | 19,559,839 | 0.70 |
| Towne West Square | Shopping mall | 11,186,348 | 0.40 |
| Koch Real Estate Holdings | Oil and gas | 10,146,920 | 0.36 |
| Kansas Gas Service | Gas utility | 9,565,832 | 0.34 |
| Builders, Inc. | Real estate | 6,463,488 | 0.23 |
| Bradley Fair One, LLC | Shopping mall | 6,046,197 | 0.22 |
| Boeing Military Airplane Co. | Aircraft manufacturing | 5,387,650 | 0.19 |
| | | <u>\$ 177,824,538</u> | <u>6.33</u> |

| | | 2003 Assessed Valuation | Percent of Total Assessed Valuation \$3,280,851,347 |
|------------------------------|------------------------|-------------------------------|---|
| Sedgwick County: | | | |
| Westar Energy | Electric utility | \$ 74,543,245 | 2.27 |
| Southwestern Bell | Communication | 54,305,584 | 1.66 |
| Boeing Military Airplane Co. | Aircraft manufacturing | 50,254,148 | 1.53 |
| Wesley Medical Center | Health care services | 24,000,975 | 0.73 |
| Raytheon Aircraft Co. | Aircraft manufacturing | 21,461,800 | 0.65 |
| Cessna Aircraft | Aircraft manufacturing | 21,086,769 | 0.64 |
| Simon Property Group, LP | Shopping mall | 19,559,839 | 0.60 |
| Vulcan Materials Co. | Chemical manufacturing | 13,108,800 | 0.40 |
| Towne West Square, LLC | Shopping mall | 11,186,348 | 0.34 |
| Koch Real Estate Holdings | Oil and gas | 10,157,873 | 0.31 |
| | | <u>\$ 299,665,381</u> | <u>9.13</u> |

CITY OF WICHITA, KANSAS

DEMOGRAPHIC STATISTICS 1994 TO 2003 INCLUSIVE

| Fiscal Year | Population ¹ | Per Capita Income ² | Median Age ³ | School Enrollment ⁴ | Percent Unemployment ⁵ |
|-------------|-------------------------|--------------------------------|-------------------------|--------------------------------|-----------------------------------|
| 1994 | 323,342 | \$ 22,028 | 32.6 | 47,212 | 6.4% |
| 1995 | 323,192 | 23,208 | 32.8 | 46,579 | 4.7 |
| 1996 | 324,991 | 24,554 | 32.9 | 47,423 | 4.3 |
| 1997 | 328,576 | 25,724 | 33.0 | 47,875 | 3.4 |
| 1998 | 333,680 | 27,273 | 33.1 | 48,454 | 3.3 |
| 1999 | 335,562 | 27,156 | 33.3 | 48,547 | 3.3 |
| 2000 | 344,284 | 28,165 | 33.4 | 49,100 | 4.2 |
| 2001 | 345,474 | 28,954 | 33.6 | 49,147 | 4.1 |
| 2002 | 346,664 | 29,417 | 33.7 | 48,962 | 6.3 |
| 2003 | 346,505 | 30,411 | 33.9 | 49,065 | 7.1 |

¹1993-2000, Bureau of the Census;
2001 Center for Economic Development, Wichita State University (Estimated)
2002 Claritas (Estimated)

²1993-2000 Bureau of Economic Analysis;
2001-2002 Center for Economic Development, Wichita State University (Estimated)

³1993-1999, 2001-2002 Center for Economic Development, Wichita State University (Estimated);
2000, Bureau of the Census

⁴Wichita School District, USD 259

⁵Kansas Department of Human Resources, Wichita MSA

BANK DEPOSITS AND CONSTRUCTION ACTIVITY 1994 TO 2003 INCLUSIVE

| Year | Urban Residential Real Estate Valuation ¹ | Building Permits ² | | Commercial Bank Deposits ³ |
|------|--|-------------------------------|----------------|---------------------------------------|
| | | Number | Valuation | |
| 1994 | \$ 7,264,502,887 | 7,282 | \$ 265,529,931 | \$ 3,473,045,000 |
| 1995 | 7,633,075,504 | 5,929 | 252,986,262 | 3,577,648,000 |
| 1996 | 7,864,025,661 | 5,744 | 292,963,801 | 3,609,795,000 |
| 1997 | 8,292,245,817 | 6,600 | 363,253,891 | 3,807,705,000 |
| 1998 | 8,809,701,983 | 6,566 | 385,392,078 | 3,966,725,000 |
| 1999 | 9,699,726,226 | 8,333 | 304,871,674 | 4,156,833,000 |
| 2000 | 10,683,463,157 | 7,349 | 324,796,525 | 3,491,000,000 |
| 2001 | 11,511,701,522 | 8,040 | 405,610,935 | 3,977,000,000 |
| 2002 | 12,083,753,826 | 8,441 | 415,663,000 | 4,317,000,000 |
| 2003 | NA | 7,366 | 485,037,000 | 4,547,000,000 |

¹State of Kansas, Department of Revenue, Division of Property Valuation for Sedgwick County.

²City of Wichita, Office of Central Inspection

³Center for Economic Development and Business Research, Wichita State University. Commercial bank deposits in Sedgwick County as of June 30, 2003 as reported by the Federal Deposit Insurance Corporation.

—— SINGLE AUDIT SECTION ——

The Single Audit Section contains Independent Auditors' Reports, schedules, and exhibits reflecting Federal, State and local matching participation in various projects and programs of the City.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited the financial statements of the City of Wichita, Kansas, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 26, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Wichita's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Wichita's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

March 26, 2004
Wichita, Kansas



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Wichita, Kansas 67202-4868
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INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM,
THE PASSENGER FACILITY CHARGE PROGRAM,
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB *CIRCULAR A-133* AND
THE PASSENGER FACILITY CHARGE AUDIT GUIDE

Honorable Mayor and City Council Members
City of Wichita, Kansas

Compliance

We have audited the compliance of the City of Wichita, Kansas, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the year ended December 31, 2003. The City of Wichita's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and to its passenger facility charge program is the responsibility of the City of Wichita's management. Our responsibility is to express an opinion on the City of Wichita's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB *Circular A-133*, "Audits of States, Local Governments, and Non-Profit Organizations," and the Guide. Those standards, OMB *Circular A-133*, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City of Wichita's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wichita's compliance with those requirements.

In our opinion, the City of Wichita complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and to its passenger facility charge program for the year ended December 31, 2003.

Internal Control over Compliance

The management of the City of Wichita is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered the City of Wichita's internal control over compliance with requirements that could have a direct and material effect on a major federal program or the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133* and the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program or the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

March 26, 2004
Wichita, Kansas

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CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2003

| Federal Grantor/ Program Title | Federal CFDA Number | Revenue Recognized | Expenditures |
|--|---------------------------|-----------------------|----------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Community Development Block Grants/ Entitlement Grants | 14.218 | \$ 3,711,066 | \$ 4,004,388 |
| Emergency Shelter Grants Program | 14.231 | 221,356 | 221,358 |
| Shelter Plus Care | 14.238 | 511,998 | 511,998 |
| HOME Investment Partnerships Program | 14.239 | 3,318,507 | 3,474,411 |
| Public and Indian Housing | 14.850 | 1,474,514 | 1,521,680 |
| Public and Indian Housing Drug Elimination Program | 14.854 | 56,212 | 56,212 |
| Resident Opportunity and Supportive Services | 14.870 | 76,500 | 76,500 |
| Section 8 Housing Choice Vouchers | 14.871 | 13,566,255 | 13,525,332 |
| Public Housing Capital Fund | 14.872 | 998,182 | 998,182 |
| Total U.S. Department of Housing and Urban Development | | <u>\$ 23,934,590</u> | <u>\$ 24,390,061</u> |
| <u>U. S. Department of the Interior</u> | | | |
| Historic Preservation Fund Grants-In-Aid (5) | 15.904 | \$ 52,626 | \$ 32,881 |
| Outdoor Recreation - Acquisition, Development and Planning | 15.916 | - | 37,476 |
| Total U.S. Department of the Interior | | <u>\$ 52,626</u> | <u>\$ 70,357</u> |
| <u>U.S. Department of Justice</u> | | | |
| Crime Victim Assistance | 16.575 | \$ 126,184 | \$ 123,416 |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program | 16.580 | 46,476 | 45,875 |
| Local Law Enforcement Block Grants Program | 16.592 | 166,519 | 589,671 |
| Executive Office for Weed and Seed | 16.595 | 263,764 | 169,038 |
| Bulletproof Vest Partnership Program | 16.607 | - | 4,294 |
| Public Safety Partnership and Community Policing Grants | 16.710 | 830,058 | 986,869 |
| Total U.S. Department of Justice | | <u>\$ 1,433,001</u> | <u>\$ 1,919,163</u> |
| <u>U.S. Department of Labor</u> | | | |
| Welfare-to-Work Grants to States and Localities (3) | 17.253 | \$ 160,297 | \$ 160,259 |
| WIA Adult Programs (3) | 17.258 | 767,892 | 767,609 |
| WIA Youth Programs (3) | 17.259 | 1,114,307 | 1,114,108 |
| Total U.S. Department of Labor | | <u>\$ 2,042,496</u> | <u>\$ 2,041,976</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Airport Improvement Program | 20.106 | \$ 4,540,448 | \$ 4,507,447 |
| Highway Planning and Construction (4) | 20.205 | 9,159,814 | 10,899,872 |
| Federal Transit - Formula Grants | 20.507 | 3,907,284 | 3,911,877 |
| Total U.S. Department of Transportation | | <u>\$ 17,607,546</u> | <u>\$ 19,319,196</u> |

CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2003

| Federal Grantor/ Program Title | Federal CFDA Number | Revenue Recognized | Expenditures |
|---|---------------------------|-----------------------|---------------|
| <u>Institute of Museum and Library Services</u> | | | |
| State Library Program | 45.310 | \$ 33,450 | \$ 70,108 |
| <u>U.S. Environmental Protection Agency</u> | | | |
| Air Pollution Control Program Support (1) | 66.001 | \$ 176,915 | \$ 156,507 |
| Water Pollution Control Program Support (1) | 66.419 | 244,455 | 157,318 |
| Non-Point Source Implementation Grant (1) | 66.460 | 80,000 | 80,000 |
| Capitalization Grants for Drinking Water (1) | 66.468 | - | 54,270 |
| Environmental Protection Consolidated Grant | 66.600 | 76,577 | 85,014 |
| Total U.S. Environmental Protection Agency | | \$ 577,947 | \$ 533,109 |
| <u>Department of Education</u> | | | |
| Twenty-First Century Community Learning | 84.287 | \$ 106,009 | \$ 112,396 |
| Total Department of Education | | \$ 106,009 | \$ 112,396 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Community Services Block Grant (2) | 93.569 | \$ 1,179,253 | \$ 1,062,141 |
| Child Care (1) | 93.575 | 73,582 | 127,439 |
| Child Care Facility License (1) | 93.596 | 111,101 | 144,265 |
| Total U.S. Department of Health and Human Services | | \$ 1,363,936 | \$ 1,333,845 |
| <u>Corporation for National and Community Service</u> | | | |
| AmeriCorps | 94.006 | \$ - | \$ 455 |
| Total revenue and expenditures of federal awards | | \$ 47,151,601 | \$ 49,790,666 |

Pass-through Agency

- (1) Federal assistance is passed through from the Kansas Department of Health and Environment
- (2) Federal assistance is passed through from the Kansas Department of Commerce and Housing
- (3) Federal assistance is passed through from the Kansas Department of Human Resources
- (4) Federal assistance is passed through from the Kansas Department of Transportation
- (5) Federal assistance is passed through from the Kansas Department of Administration

CITY OF WICHITA, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2003

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City of Wichita provided federal awards to subrecipients as follows:

| Program Title | Federal CFDA Number | Amount Provided to Subrecipients |
|--|------------------------|-------------------------------------|
| Community Development Block Grants/Entitlement Grants | 14.218 | \$ 4,254,203 |
| Home Investment Partnerships Program | 14.239 | \$ 3,844,333 |

CITY OF WICHITA, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2003

**3. COMMUNITY SERVICES BLOCK GRANT PASSED THROUGH THE KANSAS
DEPARTMENT OF COMMERCE AND HOUSING**

| Grant Program Year Ended June 30, 2003 | | | | | |
|--|--------------|--|---|--------------|------------|
| | Budget | Actual | | | Variance |
| | | July 1, 2002 Through December 31, 2002 | January 1, 2003 Through June 30, 2003 | Total | |
| Grant revenue | \$ 1,066,870 | \$ 355,620 | \$ 711,250 | \$ 1,066,870 | \$ - |
| Personnel | \$ 277,068 | \$ 106,791 | \$ 173,431 | \$ 280,222 | \$ (3,154) |
| Contractual | 738,896 | 170,582 | 514,414 | 684,996 | 53,900 |
| Commodities | 28,559 | 13,416 | 13,308 | 26,724 | 1,835 |
| Capital outlay | 22,347 | - | 22,147 | 22,147 | 200 |
| Total expenditures | \$ 1,066,870 | \$ 290,789 | \$ 723,300 | \$ 1,014,089 | \$ 52,781 |

| Grant Program Year Ending June 30, 2004 | | | |
|---|--------------|--|--|
| Budget | | Actual | |
| | | July 1, 2003 Through December 31, 2003 | |
| Grant revenue | \$ 1,014,637 | \$ 422,800 | |
| Personnel | \$ 261,540 | \$ 111,754 | |
| Contractual | 615,897 | 163,605 | |
| Commodities | 38,200 | 4,515 | |
| Capital outlay | 99,000 | - | |
| Total expenditures | \$ 1,014,637 | \$ 279,874 | |

**4. EMERGENCY COMMUNITY SERVICES FOR THE HOMELESS GRANT PASSED
THROUGH THE KANSAS DEPARTMENT OF COMMERCE AND HOUSING**

| Grant Program Year Ended June 30, 2003 | | | | | |
|--|-----------|--|---|-----------|----------|
| | Budget | Actual | | | Variance |
| | | July 1, 2002 Through December 31, 2002 | January 1, 2003 Through June 30, 2003 | Total | |
| Grant revenue | \$ 65,684 | \$ 6,394 | \$ 59,112 | \$ 65,506 | \$ (178) |
| Personnel | \$ 25,139 | \$ 4,021 | \$ 21,118 | \$ 25,139 | \$ - |
| Contractual | 38,391 | 2,195 | 36,041 | 38,236 | 155 |
| Commodities | 2,154 | 178 | 1,934 | 2,112 | 42 |
| Total expenditures | \$ 65,684 | \$ 6,394 | \$ 59,093 | \$ 65,487 | \$ 197 |

| Grant Program Year Ending June 30, 2004 | | | |
|---|-----------|--|--|
| Budget | | Actual | |
| | | July 1, 2003 Through December 31, 2003 | |
| Grant revenue | \$ 60,039 | \$ 12,076 | |
| Personnel | \$ 16,367 | \$ 4,266 | |
| Contractual | 37,570 | 7,344 | |
| Commodities | 6,102 | 486 | |
| Total expenditures | \$ 60,039 | \$ 12,096 | |

CITY OF WICHITA, KANSAS

Wichita Airport Authority SCHEDULE OF PASSENGER FACILITY CHARGES

Year ended December 31, 2003

| Federal Agency/ Pass Through Agency Name | Application Approved Number | Beginning Balance Unliquidated PFC | PFC Collected | Expenditures (or expenses) | Ending Balance Unliquidated PFC |
|--|-----------------------------------|---|---------------------|-------------------------------|--|
| <u>Passenger Facility Charges</u> | | | | | |
| PFC Projects | 96-02-C-00 | \$ 1,249,191 | \$ - | \$ - | \$ 1,249,191 |
| PFC Projects | 98-03-C-00 | 3,166,697 | 1,893,841 | 518,308 | 4,542,230 |
| PFC Projects | 03-04-C-00 | - | 102,569 | 86,123 | 16,446 |
| | | <u>\$ 4,415,888</u> | <u>\$ 1,996,410</u> | <u>\$ 604,431</u> | <u>\$ 5,807,867</u> |

CITY OF WICHITA, KANSAS

NOTES TO THE SCHEDULE OF PASSENGER FACILITY CHARGES

Year ended December 31, 2003

Note 1. Basis of Presentation

The accompanying Schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2003

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*? ☐ yes ☒ no

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2003
(Continued)

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS (Continued)

Identification of major programs:

| <u>CFDA NUMBER</u> | <u>NAME OF FEDERAL PROGRAM</u> |
|--------------------|---|
| 17.258 / 17.259 | <i>Workforce Investment Act (WIA)</i> |
| 14.239 | <i>HOME Investment Partnerships Program</i> |
| 20.205 | <i>Highway Planning and Construction</i> |

Dollar threshold used to distinguish
between type A and type B programs:

\$ 1,493,720

Auditee qualified as low-risk auditee?

 X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported.

—— WATER AND SEWER SECTION ——

The Water and Sewer Section contains schedules and exhibits that fulfill the requirements of the Water and Sewer bond covenants.

To Our Water and Sewer Bondholders:

On behalf of the City of Wichita and the Wichita Water and Sewer Utility, I am pleased to present our 2003 Annual Report.

Last year the City of Wichita began producing and distributing its Comprehensive Annual Financial Report (CAFR) on CD. This year the City decided to include the Water & Sewer Annual Report within the CAFR to reduce the cost of printing and mailing the Report. I believe this supports our goal of providing excellent water and sewer services at an extraordinary value. I hope that you find the new format as usable as the prior one.

The following represents highlights of our team's efforts to be more responsive to our customers and better guardians of their utility.

Customer Services

All calls to the Water and Sewer Department are now routed through the Call Center in City Hall. The result is centralized access, a tracking system for service requests and complaints, and a systematic follow-up process that has improved service and accountability.

An Interactive Voice Response (IVR) system implemented in September allows automated resolution of approximately 200 calls each work day, gives customers access to their account information 24 hours a day, and allows customers to pay their bills via credit card at any time. Telephone abandonment rates have plummeted from about 15% to about four percent since the implementation of the system. It avoids complex multiple-layered menus that often result in complaints following the implementation of similar types of systems.

The Department installed automated meter reading (AMR) devices on 5,000 new services added to the system. The devices transmit a radio signal to a receiver mounted in a van driving within several hundred feet of the device. This technology has allowed us to avoid adding more meter readers as the system expands. A number of hard-to-access industrial and commercial meters were also automated. The City will systematically retrofit routes that are geographically dispersed or difficult to access. There is also the added benefit of error free meter readings. Our team is closely monitoring the cost effectiveness of system-wide implementation as the technology improves and prices decrease.

Water Distribution

Water Distribution moved from a single facility to three new and renovated facilities. The water services crews moved to the Northeast and West sub-stations and the water mains crews, as well as administrative functions, moved to a redesigned and modified building that used to house the Transit Authority. The main facility won a Wichita Area Builder's Association Award for design.

Computer control of the water production pumping operations reduced water hammer stresses to the distribution system and contributed to a 23% decrease in leaks from 2002 to 2003. The decrease in leaks helped reduce overtime by 37% compared with 2002 levels.

The backflow prevention program relies on private plumbing companies to report the results of backflow prevention device testing. The companies used to fill out paper forms and mail them to the program administrator, who then entered them into the computer database. Less than 77% of devices in the Wichita water system were in the database, and there was a two-month backlog of reports to be entered. As of February, plumbing companies submit reports via the internet within a week of testing. Compliance is now greater than 98%, and the administrator has more time to do field inspections.

Sewer Maintenance

Our team began performing no-dig sewer repairs in November and quickly exhausted the initial supply of materials. If repairs proceed at the same rate, the number of repairs made per year will double, reducing the estimated time to recover the initial equipment cost.

Restructured crews accomplished more work with the same number of employees and less overtime (35%).

Stoppages decreased 20% compared with 2002. Stoppages per mile of sewer have declined by 32% in the last 6 years and by 60% in the last 12 years.

Footage of sewers cleaned almost tripled in the last 12 years. The team cleaned 10% less footage in 2003 than in 2002, a result of changes in cleaning methods that require crews to be more thorough. The decline in stoppages indicates that this change was successful. Our team cleans approximately 20% of the system each year. Utilities selected by EPA as benchmark performers clean between 9% and 29% of their systems each year.

The Sewer Maintenance team had no lost time injuries in 2003.

Sewage Treatment

The Cowskin Creek Water Quality Reclamation Facility began service in March 2003. This facility is considered to be the most advanced wastewater treatment plant in the region. Total cost for the plant construction was \$12.65 million. Change Orders on the project totaled \$32,131 representing 0.2% of the original contract cost.

Our team initiated the Four-Mile Creek Sewage Treatment Plant upgrade from 1.5 million gallons per day (mgd) to 3 mgd. We will complete the project in early 2004.

Work began at Sewage Treatment Plant #1 to relocate a majority of the treatment functions to Plant #2, reducing odor potential at Plant 1 and reducing operational overtime.

Production & Pumping

Microscopic algae caused several taste and odor events significant enough that the City Council approved a 4.5% rate increase to enable the Utility to feed powdered activated carbon (PAC), and to install ozonation equipment. The City will complete the ozonation project in late 2004.

The design for a water tower to increase pressure in northeast Wichita was completed. Construction should begin in February 2004.

Two projects to increase security at water facilities were also completed.

The Production & Pumping team completed 2,831 consecutive days without a lost time accident.

The Water & Sewer Department is dedicated to providing quality, reliable, customer-convenient water and sewer service that represents extraordinary value. Our team strives to be responsive to our customers through the continuous improvement of our water and sewer facilities and our business practices. Our team looks forward to meeting the challenges of 2004. On behalf of our team, I thank you for your confidence in our bonds and continued success.

David R. Warren, Director
Water & Sewer Utility
City of Wichita, Kansas

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITY STATISTICS BY CUSTOMER CLASS

For year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

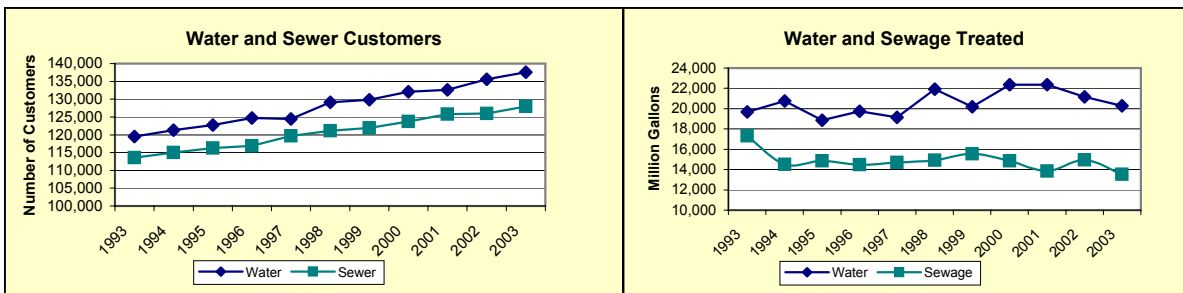
UNAUDITED

WATER UTILITY STATISTICS BY CUSTOMER CLASS

| CUSTOMER CLASS | Number of Customers | | Water Revenues | | Water Consumed (Million Gallons) | |
|-----------------------|---------------------|----------------|----------------------|----------------------|-------------------------------------|---------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Residential | 119,747 | 118,321 | \$ 20,170,559 | \$ 20,310,009 | 10,109 | 10,599 |
| Commercial | 12,397 | 12,164 | 8,063,063 | 10,303,002 | 5,982 | 7,783 |
| Industrial | 49 | 85 | 1,944,243 | - | 1,005 | - |
| Institutional | 876 | 876 | - | - | 938 | - |
| Wholesale | 11 | 11 | 771,112 | 1,050,692 | 732 | 783 |
| Lawn Services | 2,855 | 2,820 | - | - | - | - |
| Fire Protection | 1,281 | 1,007 | 97,106 | 96,933 | - | - |
| Contract | 376 | 268 | 734,139 | 765,649 | 399 | 413 |
| Other Sales | | | 197,755 | 257,586 | 40 | 51 |
| Estimated Leaks | | | | | 9 | 27 |
| Water Utility Uses | | | | | 200 | 362 |
| Unaccounted for Water | | | | | 856 | 1,152 |
| | <u>137,592</u> | <u>135,552</u> | <u>\$ 31,977,977</u> | <u>\$ 32,783,871</u> | <u>20,270</u> | <u>21,170</u> |

SEWER UTILITY STATISTICS BY CUSTOMER CLASS

| CUSTOMER CLASS | Number of Customers | | Sewer Revenues | |
|----------------|---------------------|----------------|----------------------|----------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Residential | 116,309 | 114,124 | \$ 14,072,768 | \$ 13,806,596 |
| Commercial | 10,851 | 10,660 | 7,093,215 | 7,309,070 |
| Industrial | 22 | 22 | 2,982,715 | 3,190,177 |
| Institutional | 807 | 807 | 614,128 | 567,478 |
| Wholesale | 1 | 2 | - | - |
| Other | - | - | 37,806 | 34,190 |
| Extra Strength | 26 | 26 | 913,391 | 582,432 |
| | <u>128,016</u> | <u>125,641</u> | <u>\$ 25,714,023</u> | <u>\$ 25,489,943</u> |



REPORT IN BRIEF

| | 2003 | 2002 | CHANGE |
|--|---------|---------|--------|
| Number of Water Customers | 137,592 | 135,552 | 1.50% |
| Number of Sewer Customers | 128,016 | 125,641 | 1.89% |
| Miles of Water Line | 1,903 | 1,881 | 1.17% |
| Miles of Sanitary Sewer Line | 1,816 | 1,792 | 1.34% |
| Water Produced (Million Gallons) | 20,270 | 21,170 | -4.25% |
| Wastewater Treated (Million Gallons) | 13,534 | 14,954 | -9.50% |
| Cost of Treated, Pressurized Water per 1000 gal. | \$0.33 | \$0.31 | 6.45% |
| Cost of Treated Wastewater per 1000 gal. | \$0.57 | \$0.52 | 9.62% |

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES

NET REVENUES AVAILABLE FOR DEBT SERVICE AND CAPITAL EXPENDITURES MADE FROM OPERATING REVENUES

For the year ended December 31, 2003

(Unaudited)

| | Water | Sewer | Combined |
|---|-------------------|-------------------|-------------------|
| REVENUES | | | |
| Water Sales/Sewer Charges for Services | \$ 31,977,977 | \$ 25,714,023 | \$ 57,692,000 |
| Investment Earnings | 550,601 | 360,290 | 910,891 |
| Capital Contributions | 7,869,011 | 6,918,520 | 14,787,531 |
| Other | 34,370 | 61,355 | 95,725 |
| Gross Earnings | <u>40,431,959</u> | <u>33,054,188</u> | <u>73,486,147</u> |
| OPERATIONS AND MAINTENANCE | | | |
| Personal Services | 7,288,557 | 8,248,033 | 15,536,590 |
| Contractual Services | 5,021,347 | 4,265,874 | 9,287,221 |
| Materials & Supplies | 2,568,441 | 1,995,052 | 4,563,493 |
| Administrative Charges | 787,760 | 187,540 | 975,300 |
| Contributions to the City | 1,960,050 | 1,555,450 | 3,515,500 |
| Payment for Cheney Reservoir | 284,900 | - | 284,900 |
| Total Operations & Maintenance | <u>17,911,055</u> | <u>16,251,949</u> | <u>34,163,004</u> |
| Net Revenues Available for Debt Service | 22,520,904 | 16,802,239 | 39,323,143 |
| Less: Investment Earnings | <u>550,601</u> | <u>360,290</u> | <u>910,891</u> |
| Operating Revenues | 21,970,303 | 16,441,949 | 38,412,252 |
| CAPITAL EXPENDITURES FROM OPERATING REVENUES | 7,459,630 | 4,357,546 | 11,817,176 |
| REVENUE BONDS DEBT SERVICE | \$ 10,892,117 | \$ 9,005,649 | \$ 19,897,766 |
| DEBT SERVICE COVERAGE RATIO | 2.07 | 1.87 | 1.98 |

PROPERTY INSURANCE

| Insurance Company | 2003 Premium | Period covered | Detail of Coverage |
|-------------------|------------------------|----------------|--|
| Allianz | \$161,940 | 1-03 to 1-04 | * All risk coverage on real and personal property. \$100,000 deductible per occurrence. |
| Allianz | (included in property) | 1-03 to 1-04 | *Comprehensive coverage for steam boilers, air conditioning and electric motors. \$10,000 deductible per occurrence. |

*Property insurance for the Utility is included in the City's coverage. Limits shown are for the entire City.
Premiums shown are the amounts paid by the Wichita Water & Sewer Department.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED BALANCE SHEET

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | 2003 | 2002 |
|--|------------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and temporary investments | \$ 6,525,281 | \$ 6,275,423 |
| Receivables, net | 6,935,179 | 7,047,817 |
| Inventories | 1,223,624 | 1,042,866 |
| Prepaid items | 1,508 | - |
| Total current assets | <u>14,685,592</u> | <u>14,366,106</u> |
| Restricted assets: | | |
| Cash and temporary investments | 79,411,877 | 38,628,061 |
| Total restricted assets | <u>79,411,877</u> | <u>38,628,061</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 10,914,570 | 10,605,862 |
| Buildings | 131,310,005 | 130,917,864 |
| Improvements other than buildings | 522,423,559 | 487,334,522 |
| Machinery, equipment and other assets | 50,821,014 | 46,345,920 |
| Construction in progress | 102,484,321 | 94,029,160 |
| Less accumulated depreciation | (175,478,443) | (162,329,948) |
| Total capital assets (net of accumulated depreciation) | <u>642,475,026</u> | <u>606,903,380</u> |
| Other assets | 3,799,199 | 1,756,864 |
| Total noncurrent assets | <u>725,686,102</u> | <u>647,288,305</u> |
| Total assets | <u><u>\$ 740,371,694</u></u> | <u><u>\$ 661,654,411</u></u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 1,581,871 | \$ 1,773,546 |
| Accrued interest payable | 250,158 | 481,335 |
| Temporary notes payable | - | 50,000,000 |
| Deposits | 1,776,900 | 1,670,660 |
| Current portion of long-term obligations: | | |
| Contracts payable | 270,507 | 263,588 |
| Compensated absences | 652,042 | 615,301 |
| Current liabilities payable from restricted assets: | | |
| Accrued interest payable | 3,086,945 | 1,744,111 |
| Revenue bonds payable | 10,409,902 | 8,958,808 |
| Total current liabilities | <u>18,028,325</u> | <u>65,507,349</u> |
| Noncurrent liabilities: | | |
| Revenue bonds | 242,503,095 | 132,547,996 |
| Unamortized deferred refunding | (914,291) | (1,023,071) |
| Unamortized revenue bond premium | 5,514,633 | 289,558 |
| Contracts payable | 277,803 | 548,310 |
| Compensated absences | 90,308 | 109,228 |
| Total noncurrent liabilities | <u>247,471,548</u> | <u>132,472,021</u> |
| Total liabilities | <u>265,499,873</u> | <u>197,979,370</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 392,668,990 | 422,238,974 |
| Restricted for: | | |
| Debt service | 2,978,169 | 1,629,945 |
| Revenue bond reserves | 65,389,333 | 28,663,786 |
| Unrestricted | 13,835,329 | 11,142,336 |
| Total net assets | <u>474,871,821</u> | <u>463,675,041</u> |
| Total liabilities and net assets | <u><u>\$ 740,371,694</u></u> | <u><u>\$ 661,654,411</u></u> |

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2003

(with comparative totals for the year ended December 31, 2002)

| | 2003 | 2002 |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 57,867,457 | \$ 58,507,691 |
| Cash payments to suppliers for goods and services | (15,382,319) | (17,630,470) |
| Cash payments to employees for services | (15,518,769) | (14,872,442) |
| Payment in lieu of franchise fees | (3,515,500) | (3,400,730) |
| Other operating revenues | 42,045 | 99,879 |
| Net cash provided by (used in) operating activities | <u>23,492,914</u> | <u>22,703,928</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Operating grant received | - | 10,000 |
| Transfers to other funds | (1,502,698) | (1,094,260) |
| Interfund loan | - | 4,119,616 |
| Net cash provided by (used in) noncapital financing activities | <u>(1,502,698)</u> | <u>3,035,356</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Payment of temporary notes | (50,000,000) | - |
| Proceeds from capital debt | 120,365,000 | 50,000,000 |
| Premiums from the sale of bonds | 5,467,418 | - |
| Accrued interest from the sale of bonds | 309,310 | - |
| Bond issuance costs paid | (2,259,730) | - |
| Payment of interfund loan | - | (4,119,616) |
| Additions to property, plant and equipment | (40,472,175) | (51,358,043) |
| Debt service - principal | (9,222,396) | (8,910,041) |
| Debt service-refunding | - | 24,413 |
| Debt service - interest | (10,960,270) | (7,171,234) |
| Proceeds from sale of assets | (1,317,644) | 35,192 |
| Capital contributions | 6,223,054 | 5,044,343 |
| Net cash provided by (used in) capital and related financing activities | <u>18,132,567</u> | <u>(16,454,986)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on investments | 910,891 | 1,222,251 |
| Net cash provided by investing activities | <u>910,891</u> | <u>1,222,251</u> |
| Net increase (decrease) in cash and temporary investments | 41,033,674 | 10,506,549 |
| Cash and temporary investments - January 1 | 44,903,484 | 34,396,935 |
| Cash and temporary investments - December 31 | <u>\$ 85,937,158</u> | <u>\$ 44,903,484</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ 10,265,870 | \$ 12,846,541 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 13,592,411 | 12,048,122 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 112,638 | 202,321 |
| (Increase) decrease in inventory | (180,758) | (60,415) |
| (Increase) decrease in prepaid items | (1,508) | - |
| (Decrease) in accounts payable/accrued expenses | (374,039) | (2,379,009) |
| (Decrease) increase in deposits | 60,479 | 27,981 |
| Increase in compensated absences | 17,821 | 18,387 |
| Total adjustments | <u>13,227,044</u> | <u>9,857,387</u> |
| Net cash provided by (used in) operating activities | <u>\$ 23,492,914</u> | <u>\$ 22,703,928</u> |
| Supplemental Schedule of Non-Cash Investing and Financing Activities | | |
| Assets contributed by benefit districts | \$ 8,438,129 | \$ 6,713,233 |
| Contribution of capital assets | 126,348 | 49,600 |
| Transfer of assets between proprietary funds | 127,556 | - |

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

| | 2003 | 2002 |
|--|-----------------------|-----------------------|
| OPERATING REVENUES | | |
| Charges for services and sales | \$ 57,692,000 | \$ 58,273,814 |
| Rentals | 2,340 | 3,575 |
| Other | 42,045 | 99,879 |
| Total operating revenues | <u>57,736,385</u> | <u>58,377,268</u> |
| OPERATING EXPENSES | | |
| Personal services | 15,536,590 | 14,890,829 |
| Contractual services | 9,287,221 | 9,550,621 |
| Materials and supplies | 4,563,493 | 4,747,385 |
| Administrative charges | 975,300 | 893,040 |
| Payments in lieu of franchise fees | 3,515,500 | 3,400,730 |
| Depreciation | 13,592,411 | 12,048,122 |
| Total operating expenses | <u>47,470,515</u> | <u>45,530,727</u> |
| Operating income (loss) | <u>10,265,870</u> | <u>12,846,541</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Operating grants | - | 10,000 |
| Interest on investments | 910,891 | 1,222,251 |
| Other revenues (expenses) | (182,364) | (291,212) |
| Interest expense | (6,771,891) | (3,148,827) |
| Gain (Loss) from sale of assets | (1,317,644) | 35,192 |
| Bond discount amortization | 24,948 | (92,664) |
| Total nonoperating revenues (expenses) | <u>(7,336,060)</u> | <u>(2,265,260)</u> |
| Income (loss) before contributions and transfers | 2,929,810 | 10,581,281 |
| CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS | | |
| Capital contributions | 14,787,531 | 11,807,176 |
| Transfers from other funds | 195,652 | - |
| Transfers to other funds | <u>(1,570,794)</u> | <u>(1,094,260)</u> |
| Change in net assets | 16,342,199 | 21,294,197 |
| Net assets - beginning, as previously reported | 463,675,041 | 442,380,844 |
| Prior period adjustment | <u>(5,145,419)</u> | <u>-</u> |
| Net assets - beginning, as restated | 458,529,622 | 442,380,844 |
| Total net assets - ending | <u>\$ 474,871,821</u> | <u>\$ 463,675,041</u> |

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying combined financial statements represent the proprietary Water and Sewer Utility Funds of the municipal government. The Water Utility Fund accounts for the operation and maintenance of the water supply component of the combined utility. The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and the sewer mains and laterals.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The Water and Sewer Utility Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All users, including other City Departments, are charged for services. Uncollected sales, billed or unbilled, are recorded in the financial statements net of amounts estimated to be uncollectible as of December 31, 2003.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services and the portion of tap fees intended for recovery of connecting new customers to the system. Operating expenses of the utilities include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses. Consistent with Governmental Accounting Standards Board Statement Number 33, capital contributions resulting from nonexchange transactions are included in nonoperating revenues.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies (continued)

C. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, repurchase agreements, and U.S. government securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

Cash and cash equivalents, as reported in the Statement of Cash Flows, is defined as all cash and temporary investments, both restricted and unrestricted. Temporary investments generally have an original maturity of 90 days or less.

D. Inventories

Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for the Water Utility, which is valued using an average unit cost method.

E. Capital Assets

Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Depreciation of all exhaustible capital assets, including the depreciation of capital leased assets, is charged as an expense against the utility operations. Accumulated depreciation is reported on the proprietary funds' balance sheet. Property, plant, and equipment of the utilities are depreciated using the straight line method over the following estimated useful lives:

| Assets Classification | Year |
|-----------------------------------|-------|
| Buildings and improvements | 1-42 |
| Improvements other than buildings | 1-50 |
| Equipment | 1-33 |
| Vehicles | 1-20 |
| Water/Sewer mains and drainage | 75-85 |

F. Capitalized Interest

Interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. During 2002 and 2003, total interest costs of the combined Water and Sewer Utility Fund were \$7,569,256 and \$11,811,894 of which \$4,420,429 and \$5,040,003, respectively, was capitalized.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies (continued)

G. Payments in Lieu of Franchise Fees

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City, in lieu of franchise fees, an amount not to exceed five percent of gross revenues for the preceding year, which is included in the annual budget. The combined utility paid to the General Fund of the City \$3,400,730 in 2002 and paid to the General Fund of the City in 2003 a total of \$3,515,500. The payment in lieu of franchise fees is an operating expense passed through to the Utilities' customers.

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the financial statements.

All permanent full-time and permanent part-time employees of the reporting entity within six months of continuous employment are eligible for vacation benefits in varying amounts. City policy provides that exempt employees may accumulate and carry forward each year, not more than 30 days of vacation leave. Non-exempt employees may accumulate and carry forward each year, not more than 240 hours of vacation leave.

Sick leave benefits accrue to full time employees at varying rates, depending on the employees length of service to the City. A limitation has not been placed on the amount of unused sick leave that may accumulate. Upon retirement, employees may apply unused sick leave benefits to increase the employee's retirement benefit.

I. Bond Issuance Costs

Bond issuance costs are being amortized using the straight-line method of amortization over the life of the bonds.

J. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

2. Cash and Investments

A. Cash

At December 31, 2003 and 2002, the combined Utility's cash and temporary investments in the amount of \$85,937,158 and \$44,903,484 respectively are included in the City's pooled cash and temporary investments fund of \$289,803,805 and \$259,228,411 respectively.

Generally accepted accounting principles require the reporting entity to categorize their cash deposits at year-end according to three credit risk categories. Category 1 includes cash deposits that are insured under a federal depository insurance fund or are collateralized with securities held by the City or the City's agent in the City's name. Category 2 includes cash deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes cash deposits that are uncollateralized or collateralized with securities which are held by the pledging financial institution or its trust department or agent but not in the City's name.

As of December 31, 2003, the reporting entity's cash deposits were categorized as follows:

| | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> | <u>Total</u> |
|-------------------|-------------------|-------------------|-------------------|----------------------|
| Bank Deposits | \$24,029,769 | \$ - | \$ - | \$ 24,029,769 |
| Reconciling Items | | | | (4,985,298) |
| Book Balance | | | | <u>\$ 19,044,471</u> |

Reconciling items primarily include outstanding checks and deposits that were in transit at year-end.

B. Investments

The City's investments are categorized to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker, dealer, or financial institution, or financial institution's trust department or safekeeping department, or agent but not in the City's name. Additional information on the investments including the year-end investment totals for the primary government are reported in the Notes to the Financial Statement for the City of Wichita, located in the Financial Section of this publication.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

3. Capital Assets

Capital asset activity of the of the Water and Sewer Utilities for the year ended December 31, 2003 was as follows (expressed in thousands of dollars):

| | Balance January 1 | Additions | Deletions | Balance December 31 |
|---|----------------------|------------------|--------------------|------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 10,606 | \$ 394 | \$ (85) | \$ 10,915 |
| Construction in progress | 94,029 | 48,186 | (39,731) | 102,484 |
| Total capital assets, not being depreciated | <u>104,635</u> | <u>48,580</u> | <u>(39,816)</u> | <u>113,399</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 130,918 | 392 | 0 | 131,310 |
| Improvements other than buildings | 487,334 | 39,082 | (3,993) | 522,423 |
| Machinery, equipment and other assets | 46,346 | 5,618 | (1,143) | 50,821 |
| Total capital assets being depreciated | <u>664,598</u> | <u>45,092</u> | <u>(5,136)</u> | <u>704,554</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (44,698) | (2,874) | (166) | (47,738) |
| Improvements other than buildings | (96,040) | (7,375) | 20 | (103,395) |
| Machinery, equipment and other assets | (21,592) | (3,343) | 590 | (24,345) |
| Total accumulated depreciation | <u>(162,330)</u> | <u>(13,592)</u> | <u>444</u> | <u>(175,478)</u> |
| Total capital assets, net | <u>\$ 606,903</u> | <u>\$ 80,080</u> | <u>\$ (44,508)</u> | <u>\$ 642,475</u> |

4. Retirement Funds

The reporting entity contributes to a defined single-employer retirement benefit plan, the Wichita Employees' Retirement System (WERS) and a single-employer defined contribution plan, the Wichita Employees' Retirement System Plan 3. Both plans are governed by the Wichita Employees' Retirement System Board of Trustees. All full-time employees of the Utilities participate in one of the retirement plans. The payroll for the Utilities' employees covered by the systems for the years ended December 31, 2003 and December 31, 2002 was \$12,839,146 and \$12,658,802 respectively, which was also the total payroll for the utilities.

Additional information on the retirement systems is reported in the Notes to the Financial Statements for the City of Wichita, located in the Financial Section of this publication. The Wichita Retirement System also issues a publicly available financial report that includes financial statements and required supplementary information for WERS and Wichita Police and Fire Retirement System. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

4. Retirement Funds (continued)

The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The Utility is required to contribute at an actuarially determined rate; the rate for 2003 was 4.7 percent of annual covered payroll for both Plans 1 and 2.

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2003, the Utility's annual pension cost of \$524,369 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2001 actuarial valuation using the individual entry age actuarial cost method. The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the second year this smoothing method has been used.

The actuarial value of the entire WERS assets as of December 31, 2003 and December 31, 2002 were respectively \$446,794,000 and \$433,366,000 while the actuarially determined accrued liability was \$387,037,000 and \$370,399,000 respectively. Assets in excess of the actuarial accrued liability at the end of 2003 were \$59,757,000 and at the end of 2002 \$62,967,000.

For the year ending December 31, 2003, employee and employer contributions to all pension plans for the Utility totaled \$524,369 and \$524,369 respectively.

5. Self-Insurance Fund

The Utility participates in self-insurance fund programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

5. Self-Insurance Fund (continued)

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level.

The City maintains a cost plus life insurance program administered by Minnesota Mutual Life Insurance Company, which provides life, accidental death and dismemberment, and conversion privileges to participants and life insurance to designated dependents. Benefit levels are based on employee compensation.

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance.

6. Long-Term Debt

A. Revenue Bonds

Revenue bonds are issued by the City of Wichita where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at December 31, 2003 are as follows (expressed in thousands of dollars):

| | Interest Rates | Final Maturity Date | Amount Outstanding |
|-------------------------------|-------------------|---------------------------|-----------------------|
| 1997-Water & Sewer | 4.50 - 7.875% | 2016 | \$ 50,130 |
| 1998-Water & Sewer | 4.00 - 4.70% | 2012 | 22,125 |
| 1999-Water & Sewer | 4.00 - 6.00% | 2018 | 40,785 |
| 2000A-Water | 4.69% | 2021 | 2,472 |
| 2000B-Water | 4.69% | 2021 | 4,256 |
| 2001-Water & Sewer | 3.00 - 5.00% | 2009 | 12,780 |
| 2003-Water & Sewer | 2.00 - 5.25% | 2028 | <u>120,365</u> |
| Total Water and Sewer Utility | | | <u>\$ 252,913</u> |

Changes in the long-term liability for the year ended December 31, 2003 are summarized in the following table:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------------|----------------------|------------|--------------|-------------------|------------------------|
| Bonds payable: | | | | | |
| Revenue bonds | \$141,507 | \$120,365 | \$ (8,959) | \$252,913 | \$10,410 |
| Unamortized premium | 290 | 5,467 | (242) | 5,515 | - |
| Deferred amount on refunding | <u>(1,023)</u> | - | <u>109</u> | <u>(914)</u> | - |
| Total bonds payable | 140,774 | 125,832 | (9,092) | 257,514 | 10,410 |
| Contract payable | 812 | - | (264) | 548 | 270 |
| Compensated absences | <u>724</u> | <u>881</u> | <u>(863)</u> | <u>742</u> | <u>652</u> |
| Total long-term liabilities - | | | | | |

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

| | | | | | |
|-------------------------|------------------|------------------|-------------------|------------------|-----------------|
| Water and Sewer Utility | <u>\$142,310</u> | <u>\$126,713</u> | <u>\$(10,219)</u> | <u>\$258,804</u> | <u>\$11,332</u> |
|-------------------------|------------------|------------------|-------------------|------------------|-----------------|

6. Long-Term Debt (continued)

A. Revenue Bonds (continued)

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

| Year ending December 31 | Principal | Interest |
|----------------------------|------------------|-------------------|
| 2004 | \$ 10,410 | \$ 12,069 |
| 2005 | 10,937 | 11,516 |
| 2006 | 11,424 | 11,051 |
| 2007 | 11,971 | 10,554 |
| 2008 | 11,750 | 10,016 |
| 2009 - 2013 | 66,418 | 41,444 |
| 2014 - 2018 | 65,945 | 24,920 |
| 2019 - 2023 | 42,118 | 11,698 |
| 2024 - 2028 | <u>21,940</u> | <u>3,222</u> |
| Totals | <u>\$252,913</u> | <u>\$ 136,490</u> |

B. Contract Payable

The Water Utility maintains a contract payable to the U.S. Department of Interior for construction of Cheney Reservoir, which was issued for \$5,754,025 in January, 1961. The liability is payable in annual installments on October 1. The remaining balance on December 31, 2003 is \$548,310 calling for two principal installments, \$270,507 in 2004 and to \$277,803 in 2005 plus interest at 2.625 percent. Debt service requirements to maturity for the Water Utility contract payable are as follows (expressed in thousands of dollars):

| Year ending December 31 | Principal | Interest |
|----------------------------|--------------|-------------|
| 2004 | \$270 | \$15 |
| 2005 | <u>278</u> | <u>7</u> |
| Totals | <u>\$548</u> | <u>\$22</u> |

C. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2003, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

| Account | Amount | Expenses |
|------------------------|--|--|
| Unrestricted revenue | Amount deemed reasonable and necessary to pay expense of operation and maintenance for the ensuing 60 days | Expenses for operation, repair and maintenance for the Utility |
| Principal and Interest | An equal prorated portion of the next semi-annual interest payment plus the semiannual principal maturity on the first day of each month which is sufficient to meet the | Payment of principal and interest on revenue bonds |

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

6. Long-Term Debt (continued)

C. Revenue Bond Ordinance Provisions and Reserve Requirements (continued)

| Account | Amount | Expenses |
|------------------------------|--|---|
| Bond Reserve | All Utility revenue bonds are guaranteed by an alternate credit facility. Therefore a bond reserve is not required. | |
| Depreciation and replacement | \$5,000 monthly, or the amount available after above allocations, until 15% of the operating revenues of the preceding year are accumulated. | To be used for the purpose of making extraordinary maintenance and repairs, capital improvements, and if other funds are not available, for the cost of operating and maintaining the Utility. |
| Improvement | Amount remaining in the Revenue Fund on each January 1, which shall not be required for the operation and maintenance of the Utility or for the transfers required to the above accounts for a period of 90 days shall be credited to the account. | May be used for (1) operational and maintenance expenses of the Utility, (2) increase amounts in any of the other accounts to cover potential deficiencies, (3) improvements, repairs or extensions of the utility, (4) redemption of bonds issued under provisions of the ordinance prior to maturity, or (5) to make transfers to the Revenue Fund. |

At December 31, 2003 and 2002, cash determined in accordance with the revenue requirements was \$6,525,281 and \$6,275,423.

Assets segregated and restricted are as follows:

| | 2003 | 2002 |
|------------------------------|---------------------|---------------------|
| Principal and Interest | \$14,022,544 | \$ 9,964,276 |
| Depreciation and Replacement | 5,469,486 | 8,648,741 |
| Improvement | 59,919,847 | 20,015,044 |
| | <u>\$79,411,877</u> | <u>\$38,628,061</u> |

7. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2003

7. Temporary Notes Payable (continued)

governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. As of December 31, 2003, the Utility did not have any temporary notes outstanding.

8. Prior Period Adjustments

A selective system study of the Sewer Utility was completed and recorded in a sewer utility project, a component of construction in progress. The project was closed in 2003, however, the majority of the expenses were in the prior fiscal period and were not eligible for capitalization. Consequently, a prior period adjustment of \$5,145,419 was recorded for expenses of prior years, resulting in a decrease to the Sewer Utility Fund net assets.

9. Segment Information

The Utility maintains separate funds for water and sewer services. Segment information for the year ended December 31, 2003 is located in the Financial Section of this publication.